

# Notice of Annual General Meeting



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

Notice is hereby given that the 47<sup>th</sup> 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 46<sup>th</sup> 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 Sheikhhan – 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



Mian Misbah-ur-Rehman  
Chairman

A. Rashid Lone  
Managing Director

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

## 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%.

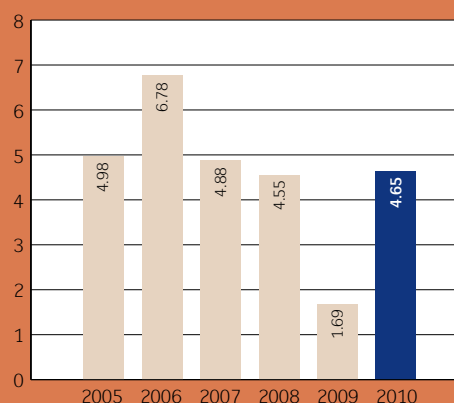
During the winter season, to ensure gas supply to all domestic and commercial consumers, gas load is managed by curtailing supply to Industry and CNG sector. However, partial gas supply to Industry and CNG sector may be possible in winter season, if all domestic consumers use natural gas prudently, as 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
<b>Appropriations:</b>	
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
<b>Total</b>	<b>13,440,876</b>

# 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.

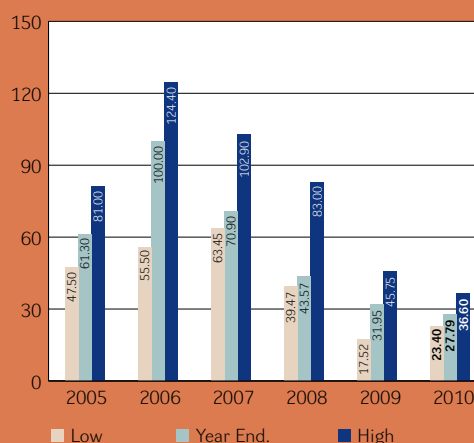
## Risk Management

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.

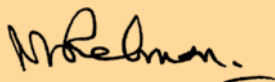
The Government of Pakistan, and its functionaries have given us continuous support and guidance, for which we are grateful. Specifically, we would like to thank the Ministry of Petroleum and Natural Resources and the Oil and Gas Regulatory Authority for their counsel and direction.

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 Namaiti	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(U)T (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
<b>1.</b>	<b>Associated Companies, Undertakings and Related Parties</b>			
	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
<b>2.</b>	<b>NIT and ICP</b>			
	National Investment Trust Limited	1	44,956,505	8.19
	IDBP (ICP Unit)	1	281,618	0.05
<b>3.</b>	<b>Directors, CEO and their Spouse and Minor Children</b>			
	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
<b>4.</b>	<b>Executives</b>	28	16,425	0.00
<b>5.</b>	<b>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</b>			
	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
<b>6.</b>	<b>Shareholders holding 10% or more voting interest</b>			
	The President, Islamic Republic of Pakistan	1	173,966,417	31.68
	Dawood Hercules Chemicals Limited	1	85,615,450	15.59
<b>7.</b>	<b>General Public</b>			
	Resident	13,781	23,550,230	4.29
	Non-Resident	562	804,157	0.15
<b>8.</b>	<b>Others</b>			
	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
<b>Total</b>		<b>14,615</b>	<b>549,105,339</b>	<b>100.00</b>

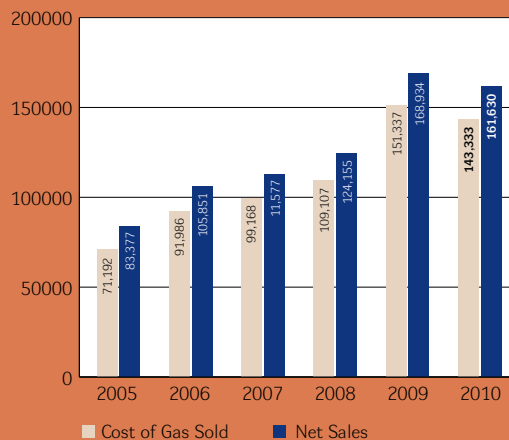
# Summary of Six Years

As at June 30, 2010

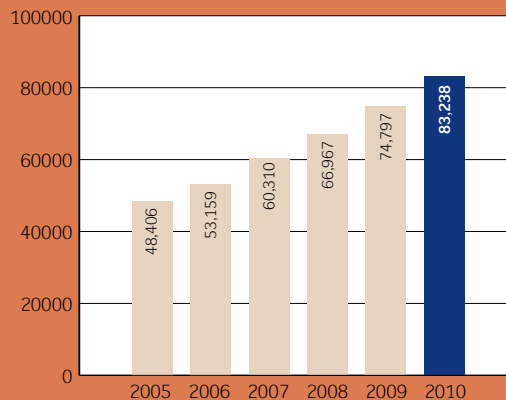
Particulars	Unit	2010	2009	2008	2007	2006	2005
<b>Profit and Loss Account</b>							
Net Turnover	Rs.' 000	161,629,828	168,933,831	124,155,033	112,577,052	105,851,114	83,377,335
Gross Profit	Rs.' 000	5,612,963	17,596,492	15,047,572	13,408,802	13,864,796	12,184,945
Operating Profit	Rs.' 000	9,145,373	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
<b>Balance Sheet</b>							
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
<b>Summary of Cash Flows</b>							
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)
<b>Investor Information for Six Years</b>							
<b>Profitability Ratios :</b>							
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%
<b>Efficiency Ratios</b>							
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%
<b>Investment</b>							
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
<b>Leverage</b>							
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
<b>Statement of Value Added &amp; How Distributed</b>							
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

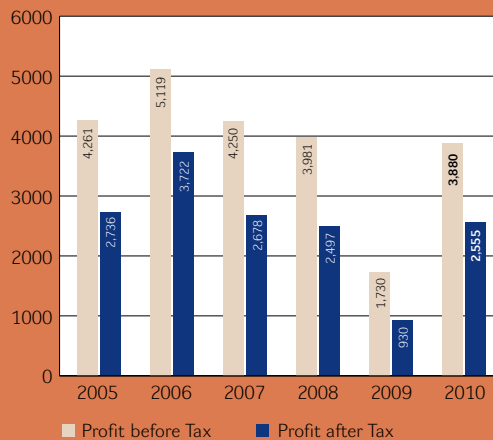
Revenue & Cost Analysis  
(Rupees in Million)



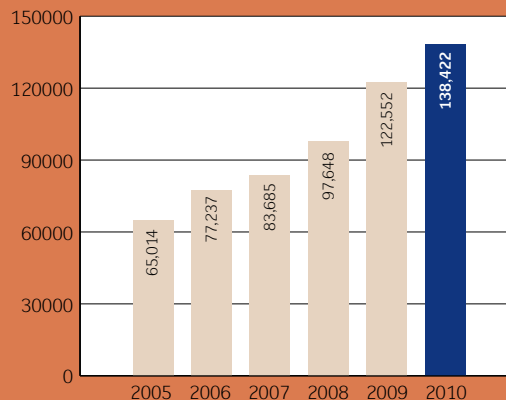
Transmission & Distribution Network  
(In Kilometer)



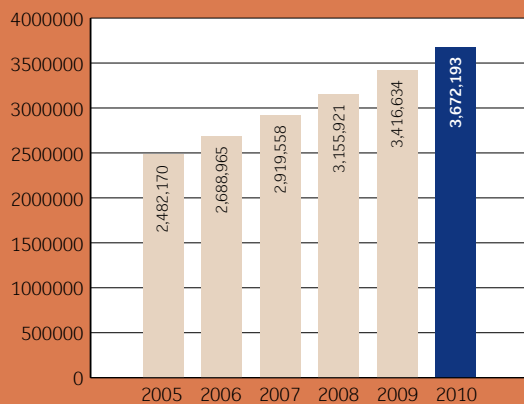
Profit before / after Tax  
(Rupees in Million)



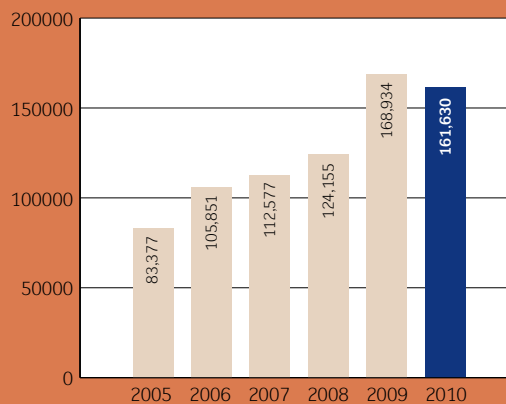
Growth of Total Assets  
(Rupees in Million)



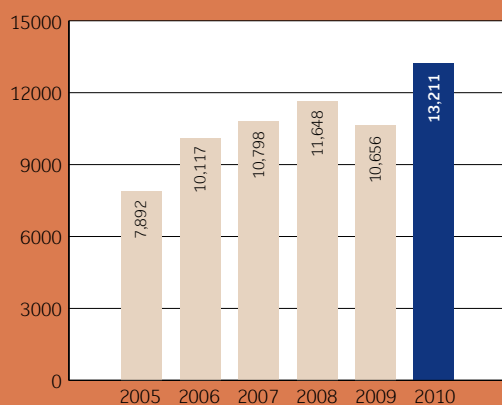
Customers' Growth  
(In Numbers)



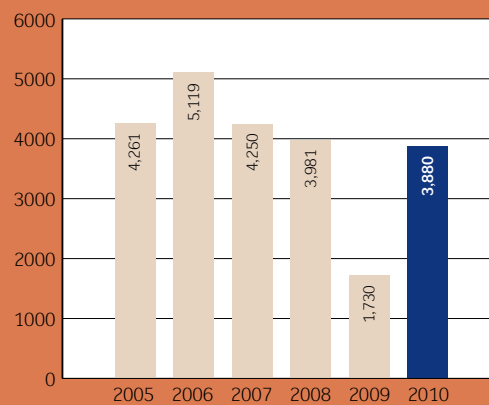
Net Turnover  
(Rupees in Million)



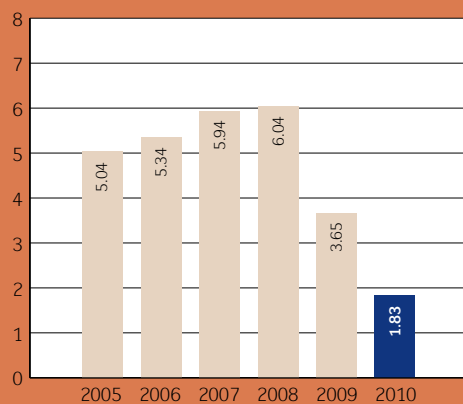
Reserves  
(Rupees in Million)



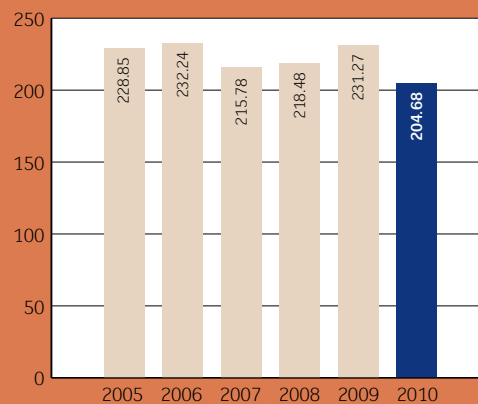
Profit before Tax  
(Rupees in Million)



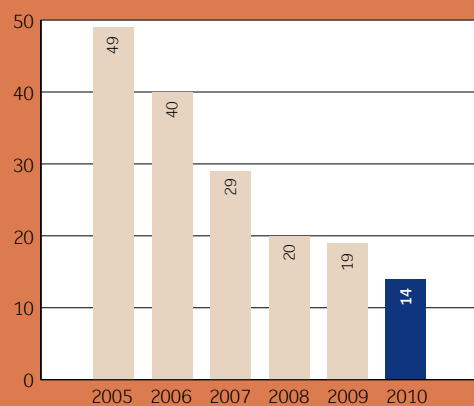
Interest Cover Ratio  
(In Times)



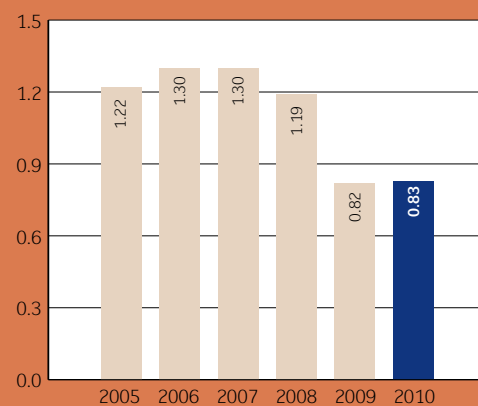
Inventory Turnover Ratio  
(In Times)



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
<b>Balance Sheet Items</b>						
<b>Assets</b>						
<b>Non-current assets</b>						
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
<b>Current assets</b>						
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
<b>Total assets</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Equity and liabilities</b>						
<b>Share capital and reserves</b>						
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
<b>Total equity</b>	<b>18.99</b>	<b>19.56</b>	<b>19.47</b>	<b>17.55</b>	<b>13.18</b>	<b>13.51</b>
<b>Non-current liabilities</b>						
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
<b>Current liabilities</b>						
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
<b>Total liabilities</b>	<b>81.01</b>	<b>80.44</b>	<b>80.53</b>	<b>82.45</b>	<b>86.82</b>	<b>86.49</b>
Contingencies and Commitments	0.00	0.00	0.00	0.00	0.00	
<b>Total equity and liabilities</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Profit &amp; Loss Items</b>						
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
<b>Cost of Gas Sold</b>	<b>84.04</b>	<b>85.25</b>	<b>81.22</b>	<b>88.41</b>	<b>94.17</b>	<b>82.85</b>
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
	6.56	6.16	4.38	4.64	3.33	5.29
<b>Other Operating Expenses</b>	<b>0.29</b>	<b>0.32</b>	<b>0.20</b>	<b>0.78</b>	<b>1.85</b>	<b>0.36</b>
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
<b>Profit Before Taxation And Share From Associate</b>	<b>5.03</b>	<b>4.74</b>	<b>3.48</b>	<b>3.23</b>	<b>1.08</b>	<b>2.24</b>
Share in Profit of Associate - Before Tax	0.00	0.00	0.00	0.00	0.00	0.00
<b>Profit Before Taxation</b>	<b>5.03</b>	<b>4.74</b>	<b>3.48</b>	<b>3.23</b>	<b>1.08</b>	<b>2.24</b>
Taxation	1.80	1.29	1.29	1.20	0.50	0.77
<b>Profit After Taxation</b>	<b>3.23</b>	<b>3.45</b>	<b>2.19</b>	<b>2.02</b>	<b>0.58</b>	<b>1.48</b>

# Horizontal Analysis

	Jun 30, 05	Jun 30, 06	Jun 30, 07	Jun 30, 08	Jun 30, 09	Jun 30, 10
<b>Balance Sheet Items</b>						
<b>Assets</b>						
<b>Non-current assets</b>						
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
<b>Current assets</b>						
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
<b>Total assets</b>	100	119	129	150	215	213
<b>Equity and liabilities</b>						
<b>Share capital and reserves</b>						
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
<b>Non-current liabilities</b>						
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
<b>Current liabilities</b>						
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
<b>Total equity and liabilities</b>	100	119	129	150	189	213
<b>Profit &amp; Loss Items</b>						
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.