

سونى ناردرن گيس  
Sui Northern Gas



# Annual Report

For the **Financial Year ended on June 30, 2024**

Under Section 26 and 27 of the SOE Act, 2023



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## DOCUMENT INFORMATION

Category	Information
Document	Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2023-24
Period	Financial Year ended on June 30 2024
Department	Finance
SCI Approval	BOD in its 606 <sup>th</sup> meeting on June 24, 2023.

## DOCUMENT REVISION HISTORY

Description	Date	Version Ref.	Rationale for Revision / Comments
Half Yearly Report	11-07-2023	01 – 2024	Report on Business Goals & Achievements FY 2023-24
Fully Year Report	16-10-2024	02-2024	Annual Report FY 2023-24
Fully Year Report	16-05-2025	03-2025	Annual Report FY 2023-24 (Revised after approval of Annual Accounts by BOD)

## 1. Annual report for the Financial Year ended on 30<sup>th</sup> June, 2024

In pursuance of the Section 26(1) of the SOE Act 2023, following is the **annual report for FY 2023-24** on the form prescribed in **Schedule-VI**:

Description		SNGPL's Response
1	Name of State-Owned Enterprise	Sui Northern Gas Pipelines Limited
2	Incorporated/established	June 17, 1963
3	Subsidiaries included in this statement of Corporate Intent.	Nil
4	The audited financial statements required by this Act for the financial year to which it relates.	Company's Accounts for the year ended June 30, 2024 have been published on company's website.
5	The report of the auditor for those financial statements, including compliance with this Act	Same as above
6	A review of operations during the financial year of the state-owned enterprise and its subsidiaries and the result of those operations	Review of operations has been published as part of our Financial Statements under Chairman's Review and Directors' Report.
7	A report of the extent to which the state-owned enterprise and its subsidiaries have achieved the outcomes specified in the statement of corporate intent for the financial year.	Report on Business Goals & Achievements for FY 2023-24 is attached as <b>Annexure-A</b>
8	A statement of the dividend or distribution paid or to be paid by the state-owned enterprise to the State for the financial year.	Dividends for FY 2023-24 amounting Rs.7.5/share (Rs.4,759.625 million) has been proposed by the Board of Directors in its meeting held on April 26, 2025, for approval of the members at the forthcoming AGM.
9	Details of any public service obligation agreement applicable during the financial year, including: <ol style="list-style-type: none"> <li>the cost of the public service or services performed under the agreement; and</li> <li>the revenue received by or payable to the state-owned enterprise under the agreement.</li> </ol>	Although Gas is being supplied to some sectors at a subsidized rate yet this does not come under public service obligation as the same is compensated through cross subsidy mechanism which is in accordance with the tariff determined by the regulator in consultation with the Federal Govt. as provided in section 8(3) and 8(4) of OGRA Ordinance, 2002.
10	Details of any significant changes in the affairs of the state-owned enterprise during the financial year.	Approval by ECC of the cabinet for incorporation of RLNG diversion cost into the revenue requirement of the company and consequent increase in sales price. The consequent price increase has resulted into addressing the further flow of circular debt.
11	Details of any matter or circumstance arising since the end of the financial year that has significantly affected, or may significantly affect, the operations of the state-owned enterprise in future financial years.	Pursuant to government policy, closure of RLNG/gas to captive power plants which may result into increase in RLNG diversion and further piling up of circular debt.



Description		SNGPL's Response
12	Details of any breach of the code of conduct of the state-owned enterprise during the financial year.	Nil
13	Details of any information which is omitted from the annual report along with reasons for such omission.	Nil
14	Any other matter that the Federal Government directs the state-owned enterprise to include in the report.	Nil

## Annexure-A: Progress on Business Goals & Achievements FY 2023-24

The Board of Directors approved 3-Year Business Plan for 2024-2026 during their 606<sup>th</sup> meeting on June 24, 2023. This comprehensive plan aims to leverage the Company's strengths and assets while considering the evolving environment and stakeholders' expectations. The plan is grounded in three fundamental principles/goals:

1. **Protect its Core** by implementing various initiatives
2. **Achieve Excellence** in business operations
3. **Grow** smarter and maintain its position in the energy sector by investing in right resources and pursuing new business opportunities.

The plan assumes stability in the Company's corporate structure, regulatory environment, and government control.

### 1. Protecting the Core

To protect the core business of the company, following high value areas have been envisaged to address on priority:

#### 1.1. UFG Control [Sustainable UFG]:

Performance Measure/Target	Achievement
Annual UFG Target 4.50% [Combined for Indigenous Gas & RLNG and excluding losses in Oil & Gas producing areas of Khyber Pakhtunkhwa].	Annual Actual UFG 4.45% [Combined for Indigenous Gas & RLNG and excluding losses in Oil & Gas producing areas of Khyber Pakhtunkhwa].
To pursue OGRA for revision of irrational Benchmark for UFG	OGRA has revised KMI based UFG benchmark to the extent of Distribution System while for Transmission System losses are already within the benchmark fixed by OGRA.

#### 1.1. Manage Demand-Supply Gap

Performance Measure/Target	Achievement
Manage the demand of domestic sector with available supplies	Company is managing the supply of gas to domestic sector during cooking hours.
Promote Energy conservation thru installation of conical baffles, solar water heater and media campaigns etc.	200,000 conical baffles have been installed by the company into conventional geysers of the consumers having higher consumption pattern.
Promote TPA and bring additional shippers.	<ul style="list-style-type: none"> <li>▪ 68 MMCFD gas is being transported for third party shippers under TPA arrangement.</li> <li>▪ Pipeline capacity equivalent to 250 MMCFD has been allocated to private terminal operators, however they are still to start their operations.</li> </ul>

#### 1.2. Improve Cashflow through:

##### a. Cope-up Irrational Pricing and Circular Debt

Performance Measure/Targets	Achievement
Target is to stop further accumulation through timely and sufficient revision of consumer gas sale prices from FY 2024.	<ul style="list-style-type: none"> <li>▪ Prices have been increased in November-2023 and February -2024.</li> <li>▪ Due to the above price increase the accumulation of circular debt has significantly alleviated.</li> </ul>



Performance Measure/Targets	Achievement
	<ul style="list-style-type: none"> <li>However, after implementation of GoP policy of conversion of captive power plant to national electricity grid and consequential surplus of RLNG the circular debt may increase.</li> </ul>
Target for recovery of already accumulated amounts through implementation of circular debt resolution committee's recommendations/ direct subsidies within FY 2024.	<ul style="list-style-type: none"> <li>Resolution of circular debt in Gas sector is dependent upon materialization of various policy interventions by the GoP.</li> <li>The Ministry of Energy (PD) is conducting comprehensive study to firm-up the figures of circular debt through KPMG. The consultant will submit a report to MOE for resolution of the issue.</li> </ul>

#### b. Address Extensive Litigation

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> <li>Strengthening, reorganization and capacity building of law department.</li> <li>Pursue changes in tax related laws/ Gas Act through MOE</li> <li>Fully utilize provisions of Gas Act 2016 to expedite recoveries. Pursue cases at High/Supreme Court level.</li> </ul>	<ul style="list-style-type: none"> <li>The company is in the process of hiring requisite resources for the purpose.</li> <li>The matter has been taken-up with the Finance division and Law &amp; Justice division through MOE.</li> <li>The company is carrying out all out efforts for recovery of outstanding areres and vigorously following up the legal cases at all forums.</li> </ul>

#### 1.3. Optimize Operating Costs/Enhance Efficiency through Digitization

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> <li>Improve work norms of various activities</li> <li>Digitize end-to-end processes and technological-based solutions</li> </ul>	<ul style="list-style-type: none"> <li>In a recent CBA agreement work norms regarding meter reading and other physical activities have been improved.</li> <li>A pilot project for Digitization has been carried out and the same is in implementation and evaluation phase.</li> </ul>

## 2. Excellence

To achieve excellence in business operations, SNGPL has focused on following areas:

#### 2.1. Improve Market Perception thru Customer Services

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> <li>Consumer awareness about energy conservation thru Increased footprint/outreach of Social Media platforms - 20% YoY.</li> <li>Use of Technology especially mobile application and SMS service - 25% YoY.</li> </ul>	<ul style="list-style-type: none"> <li>Outreach of company's social media (Facebook) has been increased by 52% during the year (from 97K followers to 148K)</li> <li>Users for the mobile based application "Connect on" has been increased by 151% during the year (from 131K to 329K)</li> </ul>



## 2.2. Improve Organizational Culture

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> <li>▪ Making Organizational Development (OD) function more effective through regular surveys on annual basis</li> <li>▪ Inculcate Core Values through training of every employee including executives and subordinates [8 Hours mandatory for each year]</li> </ul>	<p>The company has its dedicated training institute and both technical and soft skill trainings are being conducted there.</p> <p>Mandatory training hours have also been made part of the annual appraisals and are being followed strictly.</p>
<ul style="list-style-type: none"> <li>▪ Monitor and document cases of non-compliances and carry out interventions thru training and disciplinary actions [Within 90 days of reporting of case]</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Establishing a robust organizational culture through regular training [8 Hours mandatory for each year].</li> </ul>	

## 2.3. Capacity Building & Bridge the Skill Gap

Performance Measure/Targets	Achievement
Carry out formal TNA for all employees (once every 2 years)	Being carried out through annual appraisals of all executive cadre employees.
Succession planning will be ensured as per best management practices.	The succession planning is being done in the best possible way.

## 2.4. Managing Third Party Access through Level Playing Field

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> <li>▪ Unutilized capacity to be made available for TPA, in line with FG's directions.</li> <li>▪ To pursue the implementation of Full WACOG of indigenous gas and RLNG to remain price competitive, providing level playing field to all stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unutilized pipeline capacity is made available by uploading it on the company's website on monthly basis.</li> <li>▪ RLNG used in domestic sector has been made part of the Revenue Requirement of SNGPL. Further to this, company has already taken up the matter with the Federal Government for the implementation of Full WACOG.</li> </ul>

## 3. Growth [Transformation into an Energy Company]

Performance Measure/Targets	Achievement
Maintain ROA stream at adequate levels	SNGPL has continued its prudent capital expenditures (CapEx) to optimize Return on Assets (ROA).
Explore business opportunities to diversify and compete with upcoming competitors.	The company is continuously evaluating and capturing diversification opportunities especially in EPC Business and other vertical integration opportunities.

## 4. Physical Targets

### 4.1. Distribution Development

Description	UOM	Performance Measure / Target (Annual)	Achievement	Justification for Missing Targets
1 System Augmentation	KMs	250 (Revised Target: 159)	125 (Remaining work currently in progress)	The allocated Budget of Rs.5,175 Mn. for FY 2023-24 was used as follows: <ul style="list-style-type: none"> <li>For sanctioning of 159 Km, relatively larger dia. network against 250 km, envisaged earlier, due to network constraints, technical recommendations by NP &amp; D department and overall improvement of network efficiency.</li> <li>For obtaining NOCs &amp; Road crossing permissions from different agencies for execution of jobs, for which cost estimates escalated manifolds.</li> </ul>
2 Laying in New Town & Villages (against GOP directives) Completion of ongoing schemes	KMs	2,500	1,759	The allocated budget, based on estimation/previous trends, was maximum utilized however, the approval of network depends upon receipt of funds from the Federal Government: <ul style="list-style-type: none"> <li>Accordingly, jobs were sanctioned and work is in progress</li> <li>Completion of these schemes depends on several factors i.e site / local / political constraints.</li> </ul>
3 Laying on 100% Cost Recovery Basis	KMs	630 (Revised Target:188)	166 (Remaining work currently in progress)	The budget against this head is utilized for laying of distribution network on RLNG basis in private housing societies, Industrial and Commercial consumers, which is ring-fenced. Actual quantum of work (target) depends upon: <ul style="list-style-type: none"> <li>The influx of new applications from societies</li> <li>Deposit of cost by the concerned</li> </ul> However, due to current economic scenario, the majority of societies, to whom offer letters were issued, did not deposit the requisite amounts <ul style="list-style-type: none"> <li>Offer letters issued; 177 Nos.</li> <li>Payment not made ; 80 Nos. (Network 756 km)</li> </ul> Resulting in less sanctioning of budget/meterage. i.e <b>188 Km.</b>
4 New Connections [Domestic]	Nos.	Subject to FG policy (Govt. has allowed installation of connections on RLNG basis and in Karak Region on system gas basis).	16,167	Currently, moratorium has been imposed by GOP on installation of new domestic gas connections against indigenous gas, however, only RLNG based gas connections are allowed in private housing schemes. <ul style="list-style-type: none"> <li>8,241 Nos. RLNG connections were installed.</li> <li>7,926 Nos. system gas connections were installed against special rehabilitation project in law effected areas of Karak Region.</li> </ul> The feasible cases for RLNG connections are processed without any delay, after fulfilment of contractual formalities.
5 New Connections – [Industrial, Commercial]	Nos.	3,050	1,985	The request for Industrial / Commercial connections are processed immediately as & when received. <ul style="list-style-type: none"> <li>There is no delay in processing of these cases</li> <li>However, in certain cases execution of laying of pipeline is delayed due to site constraints/ involvement of NOCs.</li> </ul>
6 Construction/Modification of TBS, DRS	Nos.	235 (Revised Target 150)	148	Budget is based on estimation, however less number of TBSs was sanctioned utilizing almost all the budgeted amount, due to following factors:



Description	UOM	Performance Measure / Target (Annual)	Achievement	Justification for Missing Targets
				<ul style="list-style-type: none"> <li>▪ Change in size / capacity of TBSs, as per technical design by NP &amp; D department</li> <li>▪ Increase in the material cost</li> </ul>

#### 4.2. UFG Control Activities

Description	UOM	Performance Measure/ Target (Annual)	Achievement	Justification for Missing Targets	
1	Underground Leakage				
1.1	Survey/identification	KMs	50,000	52,229	
1.2	Rectification	KMs	50,000	46,929	
2	System Rehabilitation Program	KMs	2,136 Revised Target:1,383 Km	1,376 (Remaining work currently in progress)	Budget of FY 2023-24 was used as follows: 1. Portions of the allocation were utilized for obtaining road-cutting NOCs, disconnecting previously pending laid networks and shifting their service lines to the newly laid network 2. Remaining amount was used for allocation of 1,383 Km SRP target for FY 2023-24.
3	Replacement of Old Meters	Nos.	1.20 Mn	0.45 Mn	Meter replacement activity during 1 <sup>st</sup> half FY 2023-24 remained adversely affected owing to following: ✓ Procurement process faced setback due to litigation. ✓ Rejection of meter samples during meter testing/ technical evaluation in subsequent tenders
4	CP System (New/Renovation)	Nos.	New:53 Revised Target:36  Renovation:147 Revised Target:164	8 (Remaining work currently in progress)  35 (Remaining work currently in progress)	The targets could not be achieved due to delays in material procurement/supplies (imported / local material), required for construction and renovation of CP Stations. Now, the work is in progress to complete the targets. Targets revised based on physical conditions.
5	Re-Inspection of Disconnected/Domestic Consumer	Nos.	30,000	38,378	
6	Above Ground Leakage Rectification [AGLR]	Nos.	900,000	761,499	Based on the rectification of actual leakage points identified during annual surveys.
7	AGLR TBS/DRS	Nos.	13,000	16,174	
8	Vigilance Commercial (Visits)	Nos.	242,668	307,774	
9	Vigilance Domestic (Visits)	Nos.	1,600,000	1,507,406	
10	Vigilance Industrial (Visits)	Nos.	35,724	31,155	

## 5. Financial Targets & Achievements

In FY 2023-24, Company achieved highest profits in its history. Key extracts of the financials are tabulated below:

Million Rs.

Description	2023	2024		
	(Actual)	Target	Actual	Inc./ (Dec) %
	A	B	C	D=C Vs B
<b>Sales Revenue</b>	1,365,758	1,434,046	1,532,911	7%
<b>Cost of gas sales</b>	1,331,585	1,398,164	1,488,497	6%
<b>Profit before Tax</b>	10,863	11,406	21,813	91%
<b>Profit for the year</b>	10,563	11,091	18,977	71%

The Company achieved a historic milestone during FY 2023–24, closing the year with its highest-ever profit before tax of Rs. 30 billion and a profit after tax of Rs. 19 billion—an impressive increase of nearly 80% over the previous year. This remarkable turnaround is attributed to robust operational discipline and adherence to strategic regulatory frameworks.

Key contributors to this performance include a significant reduction in Unaccounted for Gas (UFG), with the overall percentage dropping from 5.15% to 4.93%, and indigenous gas UFG from 7.34% to 6.41%. The resultant decrease in UFG disallowance to Rs. 1.198 billion marked the lowest level in 18 years.

Reduction in UFG is achieved through enhanced micro-monitoring of over 4,000 Town Border Stations (TBS), replacement of 1,376 km of aging pipelines, and rectification of over 45,000 leak points.

In customer service, the Company strengthened its digital presence and responsiveness through 24/7 complaint management systems, including a call center (1199), Oracle-based Customer Care & Billing (CC&B) system, and integration with digital platforms.

GIS mapping progressed steadily, with Lahore and Peshawar fully covered and 45% of the network mapped by June 2024. GIS tools like heat maps and TBS-level dashboards are now aiding targeted leak management. Additionally, the injection of new gas fields such as Bannu West-1 and Wali (296 km, 95 MMCFD capacity) and ongoing work on the Kot Palak Gas Project (265 km total) have strengthened supply. Network optimization projects were also prioritized, including completed augmentation in Lahore (16 km line) and Mardan–Peshawar (48.55 km), and ongoing projects in Islamabad/Rawalpindi (63 km, 24" dia) to address low pressure and enhance operational flexibility.

These comprehensive efforts have significantly contributed to the Company's exceptional financial and operational performance during the year.