

سونى ناردرن گيس
Sui Northern Gas



Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2024-25

Year Ended on 30th June 2025



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DOCUMENT INFORMATION

Category	Information
Document	Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2024-25
SCI Approval	By Board of Directors through resolution by circulation No.268 dt:25.06.2024.

DOCUMENT REVISION HISTORY

Description	Date	Version Ref.	Rationale for Revision / Comments
Half Yearly Report	06-02-2025	01 – 2025	Report on Business Goals & Achievements FY 2024-25
Fully Year Report	28-10-2025	02-2025	Report on Business Goals & Achievements FY 2024-25



1. Background

The Board of Directors approved SNGPL's 3-Year Business Plan for 2025-2027 through resolution No.268 dt:25-06-2024. 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.

Section – 26 (1) A state-owned enterprise must submit to the Federal Government a report on its operations and its subsidiaries for the financial year to which it relates, not later than four months after the end of that financial year in the form prescribed in Schedule-VI.

2. Annual report for the Financial Year ended on 30th June, 2025

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 2024-25 is attached as Annexure-A
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.	A final Cash Dividend for the year ended June 30, 2025 at Rs 3.00 per share (30%)
9	Details of any public service obligation agreement applicable during the financial year, including: <ol style="list-style-type: none"> i. the cost of the public service or services performed under the agreement; and ii. the revenue received by or payable to the state-owned enterprise under the agreement. 	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.



Description		SNGPL's Response
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.	After revision of Gas Sales Prices, the accumulation of circular debt has been arrested to a great extent. However, after switching of Captive power consumers to electricity grid the consumption of RLNG has significantly decreased which has resulted into further accumulation of circular debt again.
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

3. Progress on Business Goals & Achievements FY 2024-25

3.1. Protecting the Core

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

1. UFG Control [Sustainable UFG]:

Performance Measure/Target	Achievement [Year ended June 30, 2025]
Annual Target 4.50% [Combined for Indigenous Gas & RLNG and excluding loss in Oil & Gas producing areas of Khyber Pakhtunkhwa].	<ul style="list-style-type: none"> Actual UFG excluding loss in Oil & Gas producing areas of KPK is 4.88%. UFG reduced from 31,319 MMCF in FY 2023-24 to 30,026 MMCF in FY 2024-25, indicating reduction of 1,293 MMCF. OGRA while determining UFG in Final Revenue Requirement has disallowed certain legitimate volumes for which company has filed a review petition, and after considering its impact, savings would increase to 2,166 MMCF. Slight increase in UFG %age is due to significant reduction in denominator i.e. gas input by 65 BCF (i.e. from 635 BCF to 570 BCF) which is attributed to less gas off takes by Power Sector and Industrial (CPP) due to imposition of captive power levy.
To pursue OGRA for revision of irrational Benchmark for UFG	OGRA has partially restored the KMI mechanism of benchmarking for Distribution Network only. Furthermore, OGRA has initiated process for new UFG Benchmark Study in September, 2025.

2. Manage Demand-Supply Gap

Performance Measure/Target	Achievement [Year ended June 30, 2025]
Manage the demand of domestic sector with available supplies.	Adequate gas supplies were made available during the year for domestic sector as per gas priority order issued by Government of Pakistan.
Promote Energy conservation thru installation of conical baffles, solar water heater and media campaigns etc.	A total of 82 solar water heaters have been sold on easy, no-profit installment plans as part of SNGPL's energy conservation initiatives.
Promote TPA and bring additional shippers.	Company has signed 29 number of MOUs with potential third-party shippers and they are further pursuing their requisite licenses from Authority.

3. Improve Cashflow through:

a. Cope-up Irrational Pricing and Circular Debt

Performance Measure/Targets	Achievement [Year ended June 30, 2025]
Target is to stop further accumulation through timely sufficient revision of consumer gas sale prices from FY 2024.	<ul style="list-style-type: none"> After revision of Gas Sales Prices, the accumulation of circular debt has been arrested to a great extent. However, after switching of Captive power consumers to electricity grid the consumption of RLNG has significantly decreased which has resulted into further accumulation of circular debt again.
Target for recovery of already accumulated amounts through implementation of committee recommendations/ direct subsidies within FY 2024.	<ul style="list-style-type: none"> Although OGRA had included an amount of Rs. 50 billion in the pricing of FY 2024-24 against accumulated circular debt yet due to stoppage of supplies to captive power plants the company ended up additional shortfall of Rs. 10 billion after conclusion of FRR of the company.

b. Address Extensive Litigation

Performance Measure/Targets	Achievement [Year ended June 30, 2025]
<ul style="list-style-type: none"> Strengthening, reorganization and capacity building of law department. Pursue changes in tax related laws/ Gas Act through MOE Fully utilize provisions of Gas Act 2016 to expedite recoveries. Pursue cases at High/Supreme Court level 	<ul style="list-style-type: none"> The company is in the process of hiring requisite resources for the purpose. Furthermore, trainings of executives of Law department were conducted at SNGTI for capacity building. A joint meeting of OGRA, SNGPL and SSGC was convened under the chairmanship of Additional Secretary (Policy) to finalize draft bill for proposed amendments in the Gas Act, 2016. The company is carrying out all out efforts for recovery of outstanding arrears and vigorously following up the legal cases at all forums. Tax contingencies have been reduced to Rs.158 billion.



4. Optimize Operating Costs/Enhance Efficiency through Digitization

Performance Measure/Targets	Achievement [6 Months]
<ul style="list-style-type: none"> ▪ Improve work norms of various activities ▪ Digitize end-to-end processes and technological-based solutions 	<ul style="list-style-type: none"> ▪ Work norms regarding meter reading and other physical activities have been improved in a recent CBA agreement. ▪ Following processes have been digitized during the period: <ol style="list-style-type: none"> i. Mail Correspondence ii. Asset Transfer and Disposal Advice. iii. Executive Leave Application iv. IT Equipment Requisition

3.2. Excellence

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

1. Improve Market Perception through Customer Services

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> ▪ Consumer awareness about energy conservation through Increased footprint/outreach of Social Media platforms - 20% YoY. ▪ Use of Technology especially mobile application and SMS service - 25% YoY. 	<ul style="list-style-type: none"> ▪ Outreach of company’s social media (Facebook) has been increased by 26% during the year (from 148K followers to 200K) ▪ Users for the mobile based application “Connect on” has been increased by 52% during the year (from 328,648 to 500,034).

2. Improve Organizational Culture

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> ▪ Making Organizational Development (OD) function more effective through regular surveys on annual basis ▪ Inculcate Core Values through training of every employee including executives and subordinates [8 Hours mandatory for each year] ▪ Monitor and document cases of non-compliances and carry out interventions thru training and disciplinary actions [Within 90 days of reporting of case] ▪ Establishing a robust organizational culture through regular training [8 Hours mandatory for each year]. 	<p>Multiple Organizational development initiatives have been taken under guidance of the Human Resource Remuneration and Nomination Committee of Directors and Board of Directors.</p> <p>Following activities were completed aimed at improving organizational culture:</p> <ul style="list-style-type: none"> • Organizational Climate Survey has been completed. • Core values were reinforced among all employees through the MD’s messages. • SNGPL’s first-ever Behavioral Guide, mapping core values to actionable behaviors has been developed. • The company has its dedicated training institute and both technical and soft skill trainings are being conducted there. Repeated training sessions on organizational culture are being conducted regularly along with other training programs. It may however be noted that improvement in Organizational culture is a slow process requiring consistent and repeated interventions for bringing desired improvements. <p>During FY 2025 SNGTI arranged Cultural Assimilation Session for 300 employees and training on Professional Ethics & Moral Values for 112 employees.</p> <p>The cumulative impact of direct value-based trainings and supplementary capacity-building programs has reinforced SNGPL’s vision of developing a strong, ethical, and performance-driven culture.</p>

3. Capacity Building & Bridge the Skill Gap

Performance Measure/Targets	Achievement
Carry out formal TNA for all employees (once every 2 years)	Training need assessment (TNA) of all employees were carried out through annual appraisals of all executive cadre employees.
Succession planning will be ensured as per best management practices.	In order to improve the Succession Planning process some amendments in the policy were recommended as part of the review of HR Manual. The proposed amendments were also approved by the Board. The amendments include change in procedure for identifying the successors and a designated



Performance Measure/Targets	Achievement
	Committee has been defined for monitoring and approval of Succession Plan. A detailed Succession Plan was also presented to HRR&NC of BOD containing the proposed development plan requiring substantial budgetary provisions for implementation.

4. Managing Third Party Access through Level Playing Field

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> Unutilized capacity to be made available for TPA, in line with FG's directions. To pursue the implementation of Full WACOG of indigenous gas and RLNG to remain price competitive, providing level playing field to all stakeholders. 	<ul style="list-style-type: none"> Unutilized pipeline capacity is uploaded on company's website on monthly basis. 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. Implementation of WACOG by the Federal Government is still under consideration for approval.

3.3. 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.	During the year, feasibility studies were conducted by consultants for PE Pipe, Gas Regulator Manufacturing Plant, and Meter Manufacturing Plant. These projects were evaluated by the Management but were not found feasible for the time being. However, the Board approved the establishment of a Gas Trading Company and the formation of a subsidiary to compete with third party shippers and safeguard the market share of the Company. In addition, EPC projects in international markets are currently under consideration as part of the Company's growth strategy and market diversification.

3.4. Physical Targets

1. Distribution Development

Description	UOM	Performance Measure/ Target (Annual)	Achievement	Justification for missing targets
1 System Augmentation	KMs	<ul style="list-style-type: none"> 250 KMs 	<ul style="list-style-type: none"> i. Completed:123 KMs ii. Laid and ready for Commissioning: 10 KMs iii. Work in Progress: 26 KMs 	The approved budget of Rs. 6,300 million utilized on sanctioning of 159 km of relatively larger-diameter network . Remaining sanctioned network will be completed in FY 2025-26.
2 Laying in New Town & Villages (against GOP directives) Completion of ongoing schemes	KMs	<ul style="list-style-type: none"> 2,500 (approx. 7,500 KMs in 3 yrs) 	<ul style="list-style-type: none"> i. 1,551 KMs 	<ul style="list-style-type: none"> i. No budget was approved by OGRA laying of pipe in new towns & villages due to the moratorium on new connections. ii. Work on previously approved schemes, however, continued.
3 Laying on 100% Cost Recovery Basis	KMs	<ul style="list-style-type: none"> 290 KMs 	<ul style="list-style-type: none"> i. Completed:178 KMs ii. Laid and ready for commissioning: 52 KMs 	<ul style="list-style-type: none"> i. Lower/delayed deposits by the developers/ consumers. ii. These schemes are, however, excluded from ROA.
4 New Connections - [Domestic-RLNG]	Nos.	<ul style="list-style-type: none"> 40,000 Nos. 	<ul style="list-style-type: none"> 14,310 Nos. 	All feasible cases have been processed and meter installed on immediate basis in private housing schemes.



Description	UOM	Performance Measure/ Target (Annual)	Achievement	Justification for missing targets
5 New Connections – [Industrial, Commercial - RLNG]	Nos.	▪ 3,050 Nos.	▪ 2,437 Nos.	Requests for industrial and commercial connections have been processed promptly without delay.
6 Construction/Modification of TBS, DRS	Nos.	▪ 200 Nos.	▪ 167 Nos.	The approved budget has been utilized on sanctioning of lesser No. of TBSs of relatively higher regulating capacity .

2. UFG Control Activities

Description	UOM	Performance Measure/Target (Annual)	Achievement	Justification for missing targets	
1 Underground Leakage	Survey/identification	Km	50,000	56,190	-
	Rectification	No	50,000	60,968	-
2 System Rehabilitation Program	KMs	1,692		1,676	-
3 Replacement of Old Meters	Nos.	800,000		896,903	-
4 CP System (New/Renovation)	Nos.	New:43	225 Nos. Completed		i. Total target from 2022-23 to 2025-26 is 445 Nos. ii. 225 Nos. Completed during FY 2024-25. iii. Balance 220 Nos. to be completed in FY 2025-26.
		Renovation:126			
5 Re-Inspection of Disconnected/Domestic Consumer	Nos.	8,061		8,493	-
6 Above Ground Leakage Rectification [AGLR]	Nos.	1,465,958		1,520,318	-
7 AGLR TBS/DRS	Nos.	14,950		15,994	-
8 Vigilance Commercial	Nos.	214,692		225,107	-
9 Vigilance Domestic	Nos.	1,461,450		1,458,267	-
10 Vigilance Industrial	Nos.	31,284		31,790	-

3.5. Financial Targets & Achievements

While key extracts of the financials are tabulated below, detailed Financial Statements for the period ended on 30th June 2025 is enclosed:

Million Rs.

Description	2024	2025	
		Target	Actual
	A	B	C
Sales Revenue	1,532,911	1,609,557	1,408,551
Cost of gas sales	1,488,497	1,562,922	1,328,068
Profit before Tax	21,813	22,904	24,446
Profit after tax	18,977	19,926	14,592

Note: The lower profitability primarily stems from a lower rate of return on assets, arbitrary disallowances relating to Unaccounted for Gas (UFG), Human Resource (HR) and other costs by the Regulator and higher tax provisions.