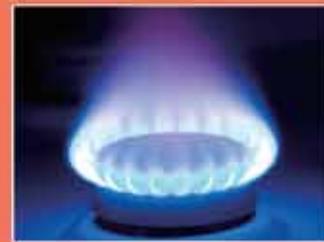
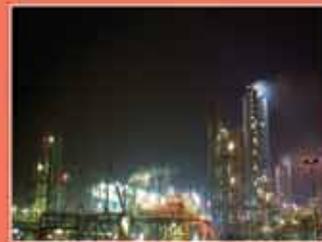


Working our  
way to your  
doorstep...



# Working our way to your doorstep...



Our experience connecting the seemingly unconnected, traveling the untravelled roads, setting up tents on top of mountains and leaving footsteps on the steaming hot plains brings warmth to your hearths.

At SNGPL we ensure safe, reliable, economic and ecologically sound, natural gas transmission from its sources to its users. We perform our duties by constantly upgrading the employees' knowledge and the quality of our services.

By using the knowledge and experience, gained over the last four decades, we serve our consumers with dedication. Safely and reliably, yet hardly noticeable on the surface, 1,602 million cubic feet of natural gas travels through our network every day. Yellow pipes with a total length of 74,797 KMs are buried beneath the surface. The landscape silhouette does not reveal this at first glance. Only the characteristic Valve Assemblies, Town Border Stations (TBS) and Sales Meter Stations (SMS) draw attention to the pipelines. 30 sources, serving a population of approximately 3.4 million connections are connected to the SNGPL's network. Annual supply to all our consumers has exceeded 584,895 million cubic feet. Through round-the-clock monitoring of our system, SNGPL ensures smooth supply of gas to its valued customers.

The Company generates an annual revenue of Rs 169 billion. The value of assets is Rs 122 billion. The key factor in the effective implementation of natural gas transport is our people. Around 7,000 co-workers with various know-how breathe life into this extensive system.

On top of that, we finally realize that working for our people and delivering pipelines of performance at their doorsteps has brought with it countless added advantages, as this relationship has made us more fortunate and happier than ever before.

(UZMA ADIL KHAN)  
Company Secretary

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# Corporate Objectives

## Our Vision

To be the leading integrated natural gas provider in the region seeking to improve the quality of life of our customers and achieve maximum benefit for our stakeholders by providing an uninterrupted and environment friendly energy resource.

## Our Mission

A commitment to deliver natural gas to all doorsteps in our chosen areas through continuous expansion of our network, by optimally employing technological, human and organizational resources, best practices and high ethical standards.

## Core Values

### Commitment

We are committed to our vision, mission and to creating and delivering stakeholder value.

### Courtesy

We are courteous - with our Customers, stakeholders, and towards each other and encourage open communication.

### Competence

We are competent and strive to continuously develop and improve our skills and business practices.

### Responsibility

We are responsible as individuals and as teams - for our work and our actions. We welcome scrutiny, and we hold ourselves accountable.

### Integrity

We have integrity - as individuals and as teams - our decisions are characterized by honesty and fairness.

## Overall Strategic Objectives

- Improve the quality of service to the customer's satisfaction by implementing OGRA performance and service standards.
- Play its role in the Country's economic prosperity by industrial outreach through gas supply to reduce dependability on imported liquid fuels and to save foreign exchange.
- Endeavour to bring down Unaccounted for Gas (UFG) losses to internationally acceptable levels.
- Create awareness and enforce adherence to Health, Safety & Environment (HSE) policies and standards.
- Emphasize Human Resource Development (HRD) for quality work and customer satisfaction.
- Maximize the sale of available gas from indigenous sources by entering into new areas through development and expansion of the requisite infrastructure.
- Introduce policies and practices leading the company from a monopoly situation into a competitive market, thus facilitating the impending privatization.
- Improve financial discipline through prudent investment and borrowing.
- Improve internal controls and risk management to achieve maximum operational efficiency of the system.
- Automate the Company's systems and processes through Enterprise Resource Planning (ERP) for better efficiency and internal control.
- Upgrade measurement facilities to ensure accuracy in quality and quantity of gas at custody transfer points.
- Motivate employees through market compatible emoluments and create conducive working environments.



*Site engineers at 24" dia Phoolnagar - Dawood Hercules loop line*

# Statement of Ethics and Business Practices

SNGPL requires its entire staff both executive staff and subordinate employees, the observance of the highest ethical standards in the conduct of its business activities to minimize the significant risk associated with non compliance. The policy on Business Principles and Ethical Risk is intended to assist SNGPL staff in meeting the standards of professional and personal integrity expected and required of them. SNGPL staff will act with integrity at all times, to protect and safeguard the reputation of the Company. Contravention of this policy will be regarded as misconduct.

SNGPL will ensure that, through this policy and through other means of communication, all its staff is aware of the required standards, rules and regulations.

Following are certain specific guidelines in respect of the above.

## **Conflict of interest**

Each staff member has a prime responsibility to the Company and is expected to avoid any activity that could interfere with that responsibility. Staff should not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to conflict between their personal interests and the interest of the Company. Such

conflict could arise in a number of ways and a number of situations. The following paragraph outlines some specifically forbidden situations. This list is, however not exhaustive. In case of doubt the advice of the Management should be sought.

- SNGPL purchase equipment, material and services for various aspects of its operations. SNGPL staff members are forbidden from holding any financial interest, directly or indirectly in any organization supplying goods or services to the Company.
- SNGPL staff should not participate in any external activity that competes, directly or indirectly, with the Company.
- SNGPL staff should not engage in any outside business or activity that might interfere with their duties and responsibilities to the Company.
- No staff member should sell, lease or buy equipment, material or services to or from the Company except when as an employee it may be necessary in the normal course of his/her duties.
- Staff members are not permitted to conduct personal business activities on the Company's premises or to use Company facilities for such purpose.

- If a staff member has direct interest, indirect interest or family connections, with an external organization that has business dealing with SNGPL, details of such connections and interests should be fully disclosed to the Management.
- Staff members should disclose to the Management the details in respect of any relationship(s) with other staff members; and
- Staff members shall not perform any act or get involved in any situation that potentially could conflict with the principles outlined above.

## **Confidentiality**

Staff members should not keep or make copies of correspondence, documents, papers and records, list of suppliers or consumers without the consent of the Company. Company's information and records should be kept on Company premises only and unpublished information may be disclosed to external organizations/individuals only on "need to know" basis. In case of doubt in this regard, the Management's advice should be sought.

## **Contributions**

No contribution shall be made to any organization or to any individual who either holds public office or is a candidate for public office.

## **Inducement payments**

Staff members should not give or receive payments that are intended to influence a business decision or to compromise independent judgment; nor should any staff member receive money for having given Company business to an outside agency. Payment of any nature to Government officials to induce them to perform their duties is strictly prohibited.

## **Proper record of funds, assets, receipts and disbursements**

All funds, assets, receipts and disbursements should be properly recorded in the books of the Company. In particular, no funds or accounts should be established or maintained for a purpose that is not fully and accurately reflected in the books and records of the Company. Funds and assets received or disbursement should be fully and accurately reflected in the books and the records of the Company. No false or fictitious entries should be made or misleading reports pertaining to the Company or its operations should be issued.

## **Relationships and dealings with Government officials, media, suppliers, consultants and other parties**

SNGPL's relationships and dealings with Government officials, external agencies, parties and individuals should, at all

times, be such the SNGPL's integrity and its reputation would not be damaged if details of the relationship or dealings were to become public knowledge.

It is the responsibility of each SNGPL staff member to exercise good judgment so as to act in a manner that will reflect favorably on the Company and the individual. Staff member should only make statements to the media, speeches in public forums, or publish articles in newspapers etc. with prior authorization. In a personal capacity also, due care should be taken while discussing the Company performance or plans with outsiders. Staff members having questions on how to comply with this requirement should consult with the Management.

### **Health and safety**

Every staff member should take reasonable care to ensure the health and safety of him/her self and others, who may be affected by his/her acts or omissions at work. Staff members should not tamper with or misuse any item provided by the Company to secure the safety, health and welfare of its staff and for the protection of the environment.

### **Environment**

To preserve and protect the environment, all SNGPL staff members should;

- Design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities.
- Promote resource conservations, waste minimization and the minimization of the release of chemicals / gas into the environment.
- Provide employees customers, supplies, public authorities and communities with appropriate information for informed decision making; and
- Strive continuously to improve environmental awareness and protection.

### **Alcohol, drugs and gambling**

The use of alcohol in any form is prohibited on all Company locations / premises. Similarly, the use of drugs, except under medical advice, is prohibited on all Company locations / premises.

Any staff member arriving at a work place under the influence of alcohol or drugs will not be permitted to enter the premises and will be liable to disciplinary action.

All forms of gambling / betting on the Company's premises are forbidden.

### **Receiving gifts**

No employee shall seek accept or permit himself / herself or any member of his/ her family to accept any gift or favor, the receipt of which will place him/her under form of officials obligation to the donor. As part of building relationship with consumers, suppliers, etc. staff members may receive occasional gifts provided that the gift is of nominal value (e.g. pens, Note pads, calendars, diaries, key chains or such promotional material) and the gift is neither intended nor perceived by others to be intended to improperly influence business decision.

### **Work place harassment**

SNGPL staff will maintain an environment that is free from harassment and in which all employees are equally respected. Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, religion, race or ethnicity.

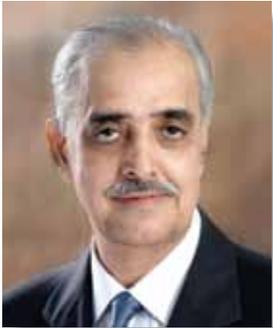
### **Regulatory Compliance and Corporate Governance**

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

### **General**

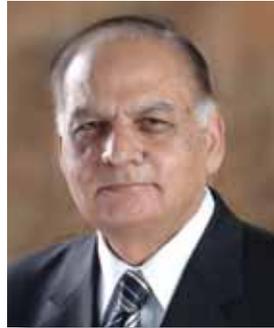
- All information and explanations supplied to the auditors must be completed and not misleading.
- SNGPL will not knowingly assist in fraudulent activities (e.g. tax evasion, etc.). If one has any reason to believe that fraudulent activities are taking place (whether within the company or by others with whom the Company has business), one must report it to the concerned departmental head immediately.
- All the financial transactions will remain within the ambit of Memorandum and Articles of Association of the Company.

# Board's Profile



**Mr. Tariq Iqbal Khan**  
*Chairman*

Mr. Tariq Iqbal Khan is the Chairman/ Managing Director of the National Investment Trust Limited. He has more than 40 years of experience in the areas of Finance, Accounts, Capital Markets, Corporate Sector, Company Law, Tax, etc. He is a founder Director of Islamabad Stock Exchange and has also been its President from 1995 to 1998. He has also served as Member, Tax policy and Co-ordination in Central Board of Revenue and later joined Securities and Exchange Commission of Pakistan as a Commissioner and officiated as acting Chairman in 2000. He has a vast and diversified Board Room experience of Banks, Financial sector, Fertilizer, Chemical and Energy sectors etc. Mr. Khan is a Fellow Chartered Accountant of Institute of Chartered Accountants of Pakistan.



**Mr. A. Rashid Lone**  
*Chief Executive/Managing Director*

Director, Sui Southern Gas Company Limited, Interstate Gas Systems (Pvt) Limited and Petroleum Institute of Pakistan. Mr. Lone is also on the Board of Governors of the Lahore University of Management Sciences (LUMS). He is a registered professional engineer with the Pakistan Engineering Council and Fellow Member of Pakistan Institute of Chemical Engineers.

Mr. Lone has several years of experience in the gas industry, particularly in the planning, design, construction and operations of natural gas transmission and distribution networks within Pakistan. He has successfully completed several mega pipeline projects as per international standards using local expertise and without foreign lending. He is a Chemical Engineer by profession, holding B.Sc (Hons.) and M.Sc (Chemical Engineering) degrees from the University of Punjab at Lahore, Pakistan.



**Mr. Muhammad Razi Abbas**  
*Director*

Chief Financial Officer, Pakistan Electric Power Company (PEPCO) and Director, Pakistan Mineral Development Corporation, Mari Gas Company Limited, Inter State Gas Systems (Pvt) Limited, Saudi-Pak Industrial & Agriculture Investment Company, National Telecom Corporation, Private Power Infrastructure Board, Gwadar Port Implementation Authority and Government Holdings (Pvt) Limited. Mr. Abbas has over 34 years experience in various Government sector positions. He holds Masters Degrees in Development Administration & Strategic Studies and LLB from The University of the Punjab, Lahore.



**Mr. S. M. Asghar**  
*Director*

Director, Dawood Hercules Chemicals Limited and Dawood Lawrencepur Limited. Mr. Asghar has vast industrial experience in the fields of finance, taxation, law and corporate affairs. He is a fellow Member of the Institute of Chartered Accountants and an Associate Member of the Institute of Cost and Management Accountants of Pakistan.



**Mr. A. Samad Dawood**  
*Director*

Chairman, Central Insurance Company Limited and Chief Executive, Dawood Corporation (Pvt.) Limited. Director, Engro Chemicals Pakistan Limited, The Dawood Group, Dawood Hercules Chemicals Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited, Patek (Pvt.) Limited, ABL Asset Management Company Limited, Inbox Business Technologies, Sach International (Pvt.) Limited and Pebbles (Pvt.) Limited. Mr. Samad is also a Trustee of the Dawood Foundation. He is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance and a Graduate in Economics from University College London.



**Mr. Arif Ibrahim**  
*Director*

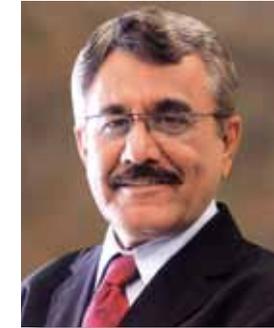
Joint Secretary (Admn), Ministry of Petroleum & Natural Resources and Director, Government Holdings (Pvt) Limited. Mr. Ibrahim has vast experience of administrative, budgetary, parliamentary business, banking and HR related issues. He has been assisting in policy decision making at the Prime Minister's level in matters regarding Commerce, Planning, Education, Internal Affairs of Kashmir and Northern Areas and Narcotics Control. Mr. Ibrahim is a Bachelor of Engineering (Chemical Engineering).



**Mr. Abdul Bari Khan**  
*Director*

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

Director of several major Companies and Member of the Board of Governors of the Lahore University of Management Sciences, Malakand Univeristy in NWFP, Lasbela University of Agriculture, Water and Marine Sciences in Balochistan and the Pakistan Institute of Management. He has vast and diversified working experience in the Public Sector. Mr. Khan holds an MBA from the Institute of Business Administration in Karachi.



**Mr. Umair Khan**  
*Director*

Managing Director, Sui Southern Gas Company Limited (SSGCL), Mr. Khan was appointed as Director on the Board of SNGPL on September 27, 2008. He is the former Director General of the Export Promotion Bureau (EPB) and former Executive Director of State Life Insurance Corporation. He also served as the Director (Finance) at the Cotton Export Corporation (CEC), and has broad experience of being consultant on the World Trade Organization (WTO). Additionally, Mr. Khan was Consul General of Pakistan in Hong Kong for five years. Mr. Khan belongs to the Central Superior Services Batch of 1973. He holds a Masters in English Literature and Economics as well as LLB from the University of the Punjab.

# Board's Profile



**Mian Raza Mansha**  
*Director*

Chief Executive, D.G. Khan Cement Company Limited and Nishat Paper Products Limited. Director, MCB Bank Limited, Nishat Power Limited and Nishat Hotels & Properties Limited. Mr. Mansha is Chairperson of Alumni Student Committee, University of Pennsylvania. He is a graduate from the University of Pennsylvania (USA).



**Mr. Inam ur Rahman**  
*Director*

CEO, Dawood Lawrencepur Limited and Inam ur Rahman & Associates. Director, Tenaga Generasi Limited. Mr. Rahman is one of the leading professionals in the field of Training, Performance Consultancy, Human Resource Development, Business Development and Retail Management in the country. He is adjunct faculty at Lahore University of Management Sciences. He holds a B.S. Electrical Engineering from UET Lahore and an MBA from LUMS.



**Mr. Arif Saeed**  
*Director*

Chairman, Service Industries Limited and Lahore Stock Exchange (Guarantees) Limited. Director, the Punjab Social Security Health Management Company and Punjab Industrial Estate Development & Management Company. Former Chairman at the All Pakistan Textile Mills Association. B.A. (Hons.) from Oxford University, United Kingdom.



**Mr. Saeed Ullah Shah**  
*Director*

Director General (Gas), Ministry of Petroleum & Natural Resources. Director, Sui Southern Gas Company Limited, Interstate Gas Systems Pvt. Limited and Pirkoh Gas Company Pvt. Limited. Mr. Shah is a former Director (Technical) and Director General (Gas) of the Ministry of Petroleum & Natural Resources. He is a Petroleum Geologist by profession, having vast experience in the Petroleum Industry. He holds B. Sc. (Hons) and M.Sc. Geology Degrees.



**Mr. Amanullah Shaikh**  
*Director*

Former Director, Sui Southern Gas Company Limited and Enar Petrotech Services. Mr. Shaikh is a Member of the Institute of Petroleum, London and the Institute of Engineers, Pakistan. He has wide experience in the Petroleum Industry, LPG, Gas Distribution, Cross Country Pipelines, Construction of Storage Terminals and Blending Plants. Mr. Shaikh is a graduate in Mechanical Engineering.



**Mr. Amer Tufail**  
*Chief Financial Officer*

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



**Mrs. Uzma Adil Khan**  
*Company Secretary*

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

# Corporate Governance

Sui Northern Gas Pipelines Limited is dedicated to ensure the highest standards of Corporate Governance at all levels. Using Corporate Governance, SNGPL is committed to protect the rights of its shareholders, while employing tactics of high transparency through an empowered Board of Directors. The interests of the shareholders are aligned with those of the Company through the implementation and monitoring of set objectives. The Board of Directors ensures highest standards are being maintained, which in turn enhances the shareholder's and Company's value by optimally utilizing all available resources. Internal controls are continuously reviewed and strengthened in order to achieve operational, information and compliance objectives.

## Board of Directors

The Company's Board consists of thirteen (13) Directors, of which one is an executive member and twelve are non-executive members. The Chairman of the Board is also a non-executive member. Board members bring with them a wide range of relevant business, financial and international experience which carries significant weight while decision-making and managerial suggestions. Board members fulfill a vital role of corporate accountability through the advocacy of fairness and transparency within all independent decisions.

## Role of the Board of Directors

The first and foremost objective of the Board of Directors of your Company is to ensure low risk and high returns to its shareholders. By understanding governance-related risk and implementing measures to assess and counteract those risks, the Board of Directors create a secure and lucrative corporate environment for executives and stakeholders alike. The major role of

the Directors is to provide guidance and managerial advice to executives. Importantly, responsibility for the actual management and performance of the Company lies with the managerial and executive staff. The Board is fully involved in protecting shareholder rights and equitable treatment for all its shareholders regardless of the number of shares owned. For detailed deliberation on the issues, the Board has constituted three sub-committees viz Audit, Finance and Human Resources, based upon their professional experience. All issues are routed through the related subcommittee before approval or decision is taken from the Board as a whole.

## Board of Directors Training

SNGPL arranges orientation courses for its Directors in order to develop sensitivity towards Corporate Governance issues and to give awareness about their duties, functions and responsibilities. The course also emphasizes on the role and importance of the Board.

Through these courses the Board is reminded that when it comes to the tactics of Corporate Governance, their actions speak louder than their words. By doing so, SNGPL not only promotes healthy corporate policies, but more importantly, SNGPL supports their implementation and action.

## Meetings

The full Board meets almost every month and manages overall control of the Company's affairs by a schedule of matters reserved for its decisions. These include approval of financial statements, authority level of treasury policies, risk management policies, business plan of the Company and succession plan for senior executives. The Board delegates the day-to-day business management control to the Chief Executive of the Company. The names and categories of the Board and Directors and their attendance at Board meetings during the year is given below:

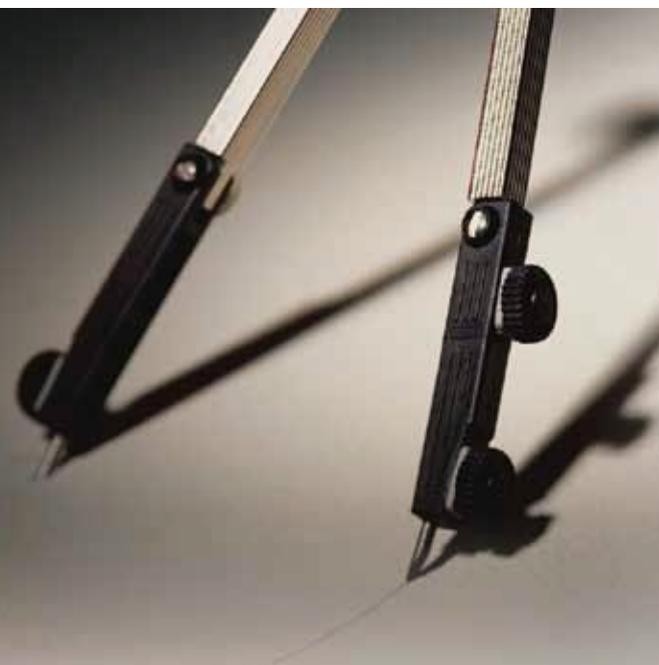
Sr. No.	Name	Designation	Category	Total No. of BOD Meetings held*	No. of Meetings Attended
1	Mr. Tariq Iqbal Khan	Chairman	Non-Executive	13	13
2	Mr. A. Rashid Lone	MD / CEO	Executive	13	11
3	Mr. Muhammad Razi Abbass	Director	Non-Executive	13	12
4	Mr. S.M. Asghar	Director	Non-Executive	13	12
5	Mr. A. Samad Dawood	Director	Non-Executive	13	10
6	Mr. Shahzada Dawood	Director	Non-Executive	8	5
7	Mr. Abdul Bari Khan	Director	Non-Executive	13	10
8	Mian Raza Mansha	Director	Non-Executive	13	7
9	Mr. Qasim Rabbani	Director	Non-Executive	13	10
10	Mr. Arif Saeed	Director	Non-Executive	13	6
11	Mr. Saeed Ullah Shah	Director	Non-Executive	13	12
12	Mr. Amanullah Shaikh	Director	Non-Executive	13	12
13	Mr. Azim Iqbal Siddiqui	Director	Non-Executive	1	0
14	Mr. Umair Khan	Director	Non-Executive	12	6
15	Mr. Inam ur Rahman	Director	Non-Executive	5	5

\* Held during the period concerned Director was on the Board.



*360th Meeting of the Board of Directors in progress*

# Sub Committees of the Board



## Audit Committee

The Company has an Audit Committee, composed of entirely non-executive directors, which meets at least once in each quarter. Its Terms of Reference cover the areas recommended by the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. Its responsibilities mainly include, monitoring internal controls throughout the Company, approve the Company's accounting and other policies on behalf of the Board and review the quarterly and annual financial statements before making their recommendations for the approval of the Board.

The terms of reference of the Audit Committee are broadly as follows:

### Procedure:

1. The Committee shall meet at least once in each quarter.
2. Quorum will be three members.
3. The Secretary of the Audit Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

### Responsibilities

The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the listed company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee shall also include the following:

- a) determination of appropriate measures to safeguard the listed company's assets;
- b) review of preliminary announcements of results prior to publication;
- c) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going-concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards; and
  - compliance with listing regulations and other statutory and regulatory requirements.
- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review of management letter issued by external auditors and management's response thereto;

- f) ensuring coordination between the internal and external auditors of the listed company;
- g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
- h) consideration of major findings of internal investigations and management's response thereto;
- i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Director;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

The composition of the Audit Committee, category, detail of meetings and directors' attendance are given below:

#### FY 2008-09

Sr. #	Name	Designation	Category	Total No. of AC Meetings held*	No. of Meetings Attended
1	Mr. Amanullah Shaikh	Chairman	Non-Executive	5	5
2	Mr. S. M. Asghar	Member	Non-Executive	5	5
3	Mr. Abdul Bari Khan	Member	Non-Executive	5	4
4	Mian Raza Mansha	Member	Non-Executive	5	3
5	Mr. Muhammad Razi Abbas	Member	Non-Executive	5	1
6	Mr. Arif Saeed	Member	Non-Executive	5	4
7	Mr. A Samad Dawood	Member	Non-Executive	0	0

\* Held during the period concerned Director was member of the Committee.

## Finance Committee

The Finance Committee consists of eight members, seven of whom excluding the Chief Executive are non executive directors. It meets frequently for reviewing major investment proposals, examination of Capital and Revenue Budgets of the Company, approval of contracts within their financial powers and other assignments given by the Board of Directors.

The terms of reference of the Finance Committee are broadly as follows:

#### Procedure

1. Quorum will be three members.
2. The Secretary of the Finance Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

#### Responsibilities

The Finance Committee of Directors shall be responsible to review strategic business issues as assigned by the Board of Directors, which include but are not limited to the following:

- i. Major investment proposals, policies prepared by the Management for approval of the Board in excess of the financial powers delegated to the Managing Director / Finance Committee.
- ii. Major contracts including financial/economic appraisals of the same in excess of the financial powers delegated to the Managing Director / Finance Committee.

# Sub Committees of the Board



- iii. The examination of Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- iv. Comparison of the Revenue and Capital budget with the proposals submitted to OGRA alongwith the major deviations including reasons thereof.
- v. The examination of Budgetary and Operating limits of authority and recommend to the Board any deviation or any enhancement thereof.

- vi. Approval of contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Chief Executive Officer. Recommend to the Board of Directors alongwith their findings in respect of the contracts or order exceeding the financial authority of the Finance Committee of Directors.
- vii. To approve/recommend major contracts of civil work alongwith cost benefit analysis thereof which also include purchase of land.
- viii. To review manual/policies adopted by the Management in respect of procurement of various materials and services.

- ix. To review the borrowing plans of the Company and recommendation thereof to the Board for approval assessing the requirements thereof or otherwise.
- x. Any other assignment given by the Board of Directors.
- xi. The Board of Directors has delegated specified financial powers to the Finance Committee.

## Powers

The Board of Directors has delegated the limited financial powers to the Finance Committee of Directors for award of contract/order for consultancy service, supply of material, services or works.

The composition of the Finance Committee, category, detail of meetings and directors' attendance are given below:

### FY 2008-09

Sr. #	Name	Designation	Category	Total No. of AC Meetings held*	No. of Meetings Attended
1	Mr. Tariq Iqbal Khan	Chairman	Non-Executive	6	6
2	Mr. A. Rashid Lone	MD/CEO	Executive	6	6
3	Mr. Muhammad Razi Abbas	Member	Non-Executive	6	5
4	Mr. A. Samad Dawood	Member	Non-Executive	6	2
5	Mr. Qasim Rabbani	Member	Non-Executive	6	3
6	Mr. Arif Saeed	Member	Non-Executive	6	4
7	Mr. Umair Khan	Member	Non-Executive	5	1
8	Mr. Saeed Ullah Shah	Member	Non-Executive	5	5

\* Held during the period concerned Director was member of the Committee.

## Human Resource Committee

The Human Resource Committee comprises six non-executive directors and the Chief Executive. It is primarily responsible for making recommendations to the Board inter-alia for maintaining a sound organizational plan of the Company, effective employees' development, compensation programme and specific succession plans for Senior Management positions.

The terms of reference of the Human Resource Committee are broadly as follows:

### Procedure

1. Quorum will be three members.
2. The Secretary of the Human Resource Committee will circulate the agenda and relevant supporting data, minimum seven days before the meeting and will furnish minutes of the meeting to the Board Members within fourteen days of the meeting.

The composition of the Human Resource Committee, category, detail of meetings and directors' attendance are given below:

### FY 2008-09

Sr. #	Name	Designation	Category	Total No. of AC Meetings held*	No. of Meetings Attended
1	Mr. Qasim Rabbani	Chairman	Non-Executive	4	4
2	Mr. A. Rashid Lone	MD/CEO	Executive	4	4
3	Mr. A. Samad Dawood	Member	Non-Executive	4	2
4	Mr. Shahzada Dawood	Member	Non-Executive	3	2
5	Mian Raza Mansha	Member	Non-Executive	4	1
6	Mr. Saeed Ullah Shah	Member	Non-Executive	4	3
7	Mr. Inaum ur Rahman	Member	Non-Executive	1	1

\*Held during the period concerned Director was member of the Committee.

### Responsibilities

The Committee will be responsible for making recommendations to the Board for maintaining:

- a sound plan of organization for the Company;
- an effective employees development programme;
- sound compensation and benefit and plans, policies and practices, designed to attract and retain the caliber of personnel needed to manage the business effectively.

### Functions

- b) Review organization structure periodically to:
  - Evaluate and recommend for approval of changes in organization, functions, and relationships affecting Management positions equivalent in importance to those on the Management position schedule;
  - establish plans and procedure which provide an effective basis for Management control over company manpower;

- determine appropriate limits of authority and approval procedures for personnel matters requiring decision at different level of Management.
- c) Review the employees development system to ensure that it:
    - Foresees the Company's Senior Management requirement;
    - provides for early identification and development of key personnel;
    - brings forward specific succession plans for Senior Management positions;
    - training and development plans.
  - d) Compensation and Benefits:
    - review data of competitive compensation practices and review and evaluate policies and programmes through which the corporation/ Company compensates its employees;
    - review salary ranges, salaries and other compensation for CEO and Senior Management/Executive Directors reporting to the CEO.

### Powers

The Board has delegated its limited powers to the Human Resource Committee to deal with certain human resource matters.

# Statement of Compliance

## with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange, Chapter XI of the Listing Regulations of Lahore Stock Exchange and Chapter XI of the Listing Regulations of Islamabad Stock Exchange, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors. At present the Board comprises 13 Directors, 12 of whom are independent non-executive Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company, except Mr. Tariq Iqbal Khan, who has been permitted by the SECP to hold the Office of Director in more than ten listed companies.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. Three casual vacancies occurred in the Board of Directors during the Financial Year were filled up by the Directors, viz M/s Umair Khan, Inam-Ur-Rahman and Arif Ibrahim were appointed in place of M/s. Azim Iqbal Siddiqui, Shahzada Dawood and Qasim Rabbani respectively .
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has adopted a vision / mission statement, overall corporate strategy and significant policies of the Company. The Company has maintained a complete record of particulars of significant policies along with the dates on which they were approved or amended.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.
9. All related party transactions of the Company are executed in accordance with the policy of the Company. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulation number 35 of the Karachi Stock Exchange (Guarantee) Limited.



10. An orientation course was arranged for the Directors to acquaint them of their responsibilities and duties as per the Code of Corporate Governance.
11. The Board has approved appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO at the time of their appointment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the code.
16. The Board has formed an Audit Committee. It comprises of seven Members, all of them are independent non-executive Directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held once in every quarter, prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has set up an effective internal audit function. The staff of the internal Audit is suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been duly complied with.

On behalf of the Board

(A. RASHID LONE)

*Chief Executive*

Lahore  
September 28, 2009

# Corporate Profile



Sui Northern Gas Pipelines Limited (SNGPL) was incorporated as a private limited company in 1963 and converted into a public limited company in January 1964 under the Companies Act 1913, now Companies Ordinance 1984, and is listed on all the three Stock Exchanges of the Country.

The Company took over the existing Sui – Multan System (349 Km of 16 inch and 129 Km of 10 inch diameter pipelines) from Pakistan Industrial Development Corporation (PIDC) and Dhulian – Rawalpindi – Wah system (132 Km of 6 inch diameter pipeline) from Attock Oil Company Limited. The Company's commercial operations commenced by selling an average of 47 Million Cubic Feet per Day (MMCFD) gas in two regions viz. Multan and Rawalpindi, serving a total number of 67 consumers.

Today, SNGPL is the largest integrated gas company serving more than 3.4 million consumers in North Central Pakistan through an extensive network in Punjab and NWFP. The Company has over 46 years of experience in operation and maintenance of high-pressure gas transmission and distribution systems. It has also expended its activities to undertake the planning, designing and construction of pipelines, both for itself and other organizations.

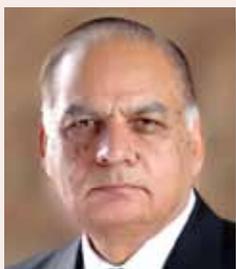
# Milestones



1964 - 1969	Project I	Extension of Sui-Multan section to Faisalabad and Lahore and then linked with Dhulian-Rawalpindi-Wah system to form a common grid.
1970 - 1971	Project II	Increased system capacity from 170 MMCFD to 205 MMCFD.
1971- 1973	Project III	Supplies of gas further extended to major cities in the NWFP. System capacity increased to 277 MMCFD.
1974 - 1981	Project IV	Erection of 2 x 100 MMCFD purification banks at Sui, installation of 34,700 HP compression stations. System capacity enhanced to 387 MMCFD.
1985 - 1991	Project V	Increased system capacity to 450 MMCFD, constructed purification bank of 120 MMCFD capacity at Sui.
1989 - 1998	Project VI	1200 km pipeline laid and 53,370 HP additional compression stations installed. System capacity enhanced to 980 MMCFD
2001 - 2003	Project VII	560 km pipeline laid and 25,000 HP additional compression stations installed. System capacity enhanced to 1380 MMCFD
2003 - 2005	Project VIII	803 km transmission pipeline laid to increase system capacity upto 1680 MMCFD.
2005 - 2006	Gas Supply to Lilla Town	Completed a pilot project (Phase-I) for supply of gas to Lilla Town through CNG by establishing Mother-Daughter system.
2006 - 2007	Gas Supply to Murree	Completed a project for supply of gas to Murree. Gas supply to 21 No. Southern district of Punjab & NWFP.
2006 - 2009	Project IX	Being undertaken to absorb additional gas supply from newly discovered gas fields.

# Corporate Information

## The Management



**A. Rashid Lone**  
*Managing Director*



**Abrar Ahmed**  
*Dy. Managing Director (South)*



**Hasnat Aziz Bantth**  
*Dy. Managing Director (North)*



**Pervaiz Azeez Khan**  
*Senior General Manager  
(Human Resource)*



**Mujahid Anwar**  
*Senior General Manager  
(Distribution -South)*



**Khalid Walid Sharaq**  
*Senior General Manager  
(Transmission)*



**Imdad Hussain**  
*Senior General Manager  
(Distribution-North)/(Projects)*



**Amer Tufail**  
*Chief Financial Officer*



**Uzma Adil Khan**  
*Senior General Manager  
(Corporate Affairs &  
Corporate Communications) /  
Company Secretary*



**M. Ismail Paracha**  
*Senior General Manager  
(Corporate Planning &  
Development)*



**Arif Hameed**  
*Acting Senior General Manager  
(Central Support Services)*



**Muhammad Basit**  
*Acting Senior General Manager  
(Customer Services) /  
Compression*



**Waqar Nisar**  
*Chief Information Officer*



**Nadeem Shahryar**  
*Head of Business Development*



**Arif Latif**  
*Special Assistant to MD*

### JOINT AUDITORS

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants  
Riaz Ahmad & Co.  
Chartered Accountants

### SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt) Ltd.,  
H.M. House, 7-Bank Square, Lahore.  
Ph: 092-42-37235081-82  
Fax:092-42-37358817

### LEGAL ADVISORS

M/s. Surr ridge & Beecheno  
M/s. Salim Baig and Associates

### Registered Office

Gas House,  
21-Kashmir Road, P.O. Box No.56  
Lahore- 54000 (Pakistan)  
Ph: 092-42-9201451-60, 9201419  
Fax: 092-42-9201369, 9201302  
E-mail: info@sngpl.com.pk  
website: www.sngpl.com.pk

# Organogram

