

Delivery despite adversity

Sui Northern Gas Pipelines Limited





Delivery despite adversity

Every morning, when a match is struck to light a fire for making the first cup of tea, how many people think of the marvel this blue flame at their service is? The days of wood and coal fires that smoked and turned kitchen walls black and eyes tearful, have become a distant memory for most of us and we take clean gas fire for granted. Few, if any, of us stop to think of the work, technology and dedication that allow this blue flame to cook our food, heat our homes, and run our industry and vehicles.

Drawn from the deep bowels of the earth, natural gas is piped across thousands of kilometers to serve people across the Country. Throughout Punjab to Khyber Pakhtun Khwa, AJK and Federal Area SNGPL's transmission and distribution system is spread over difficult terrain comprising of deserts, mountains, rivers and fields to serve more than 3.9 million consumers at their doorstep.

Alongwith the technical challenges of covering long distances, SNGPL teams are constantly faced with adversity in the shape of pilferage, sabotage, natural disasters and terrorist activities. Engaged in ongoing development work, innovation and initiatives to overcome the odds, SNGPL is always looking for better ways to deliver this gift of nature to our customers and looks forward to their support and cooperation in using natural gas economically and efficiently.

Uzma Adil Khan
Company Secretary

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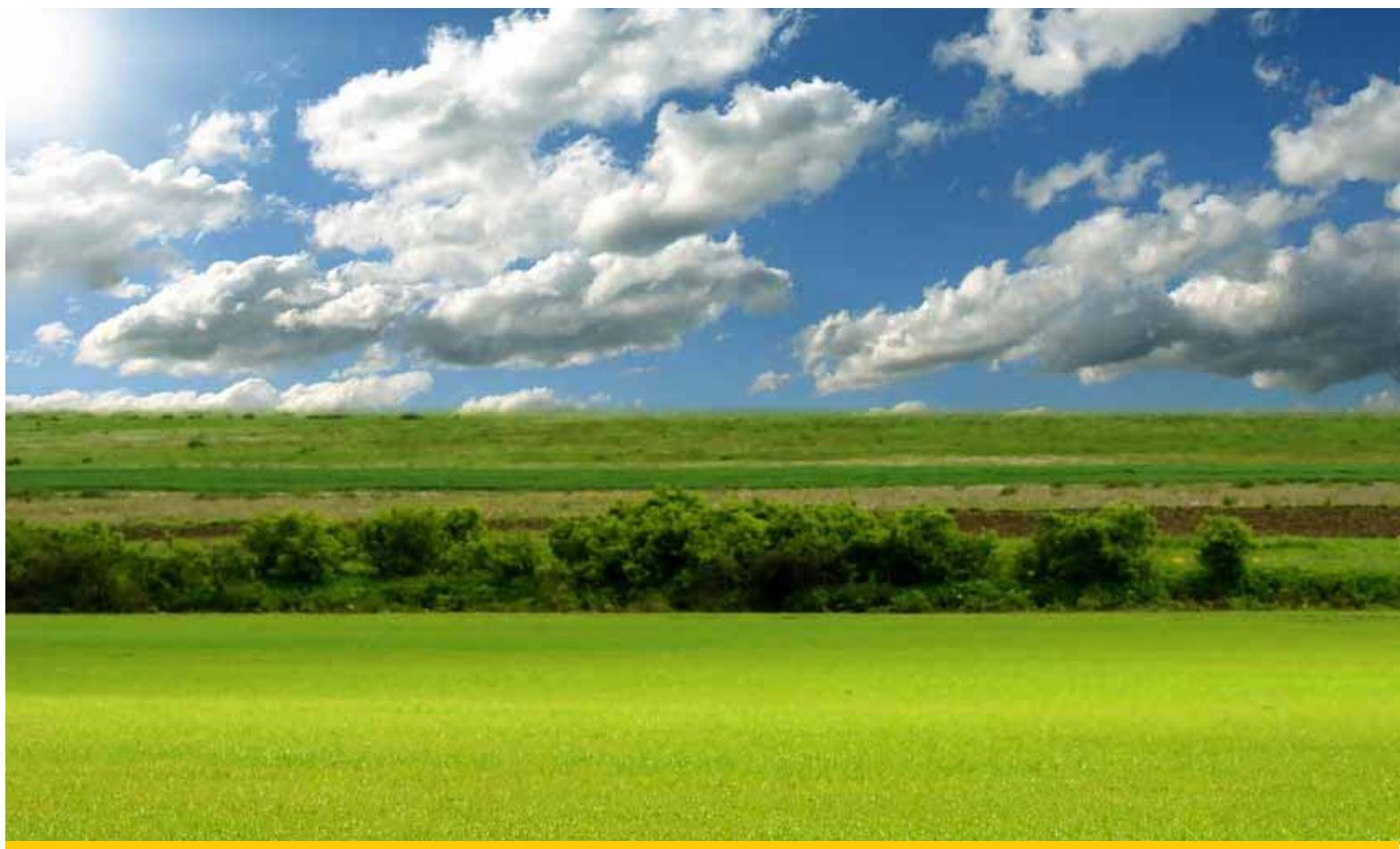
Our Vision & Mission

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.

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.



Our Core Values

Core Values

Commitment

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

Courtesy

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

Competence

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

Responsibility

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

Integrity

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

Statement of Ethics and Business Practices

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

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

Following are certain specific guidelines in respect of the above.

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 favour, 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, notepads, calendars, diaries, key chains or such promotional material) and the gift is neither intended nor perceived by others to be intended to improperly influence business decision.

Work place harassment

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

Regulatory Compliance and Corporate Governance

SNGPL fully co-operates with all governmental and regulatory bodies and is committed to high standards of corporate governance. We are fully compliant to our obligations as envisaged under the Listing Rules of three Stock Exchanges, of whom SNGPL is listed member.

General

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

Board's Profile



Mian Misbah-ur-Rehman
Chairman



Muhammad Arif Hameed
Managing Director /
Chief Executive Officer

Chief Executive, Popular Chemical Works (Pvt.) Limited and Chairman, Lahore Gymkhana Club. Mian Misbah has served as Chairman of Pakistan Pharmaceutical Manufacturers Association (PPMA), President of Lahore Chamber of Commerce and Industry, Member of Managing Committee of the Federation of Pakistan Chambers of Commerce and Industry. He is also a member of Governing Body – Workers' Welfare Fund (Ministry of Labour & Manpower) and Lahore City Cricket Association (LCCA). Mian Misbah has rendered remarkable services for Social Welfare. Being an active Ravian, he is a member of the executive committee of "Endowment Trust Fund" of Government College University, Lahore.

Mr. M. Arif Hameed took over the charge as Managing Director/Chief Executive Officer of the Company on April 27, 2011. He is on the Boards of Sui Southern Gas Company Limited, Inter State Gas Systems (Pvt.) Limited, Petroleum Institute of Pakistan and LUMS. Mr. Arif also holds the position of Managing Director/CEO of Sui Northern LPG-LNG (Pvt.) Limited, a wholly owned subsidiary of SNGPL. He has an extensive experience of more than 30 years in the fields of Distribution, Billing, Sales, Logistics Support, Procurement and Legal. Mr. Arif is a Mechanical Engineer by profession, registered with the Pakistan Engineering Council (PEC). He is also a Masters in Administrative Sciences and a Law graduate from University of the Punjab, Lahore.



Mirza Mahmood Ahmad
Director



Nessar Ahmed
Director



Shabbir Ahmed
Director

Director on the Boards of Sui Southern Gas Company Limited (SSGCL), Pakistan Engineering Company Limited (PECO) and Arif Habib Investment Limited. A partner of Minto and Mirza Advocates and Solicitors. He also holds the chairmanship of Human Resource Committee of Directors of SNGPL. Mirza Mahmood holds membership of Lahore High Court Bar Association and Punjab Bar Council and is also a fellow of the "Cambridge Commonwealth Society". He has diverse legal experience having representation a number of leading public and private enterprises including various banks and financial institutions. He has several publications and research projects in his name. Mirza Mahmood is an LLM graduate from Cambridge University, UK and LLB from University of the Punjab, Lahore.

Director, Sui Southern Gas Company Limited, Inter State Gas Systems (Pvt.) Limited, AKD Capital Limited and AKD Farms (Pvt.) Limited. He also holds the chairmanship of Audit Committee of Directors of SNGPL. He is also a member of the governing body of Thar Coal Gasification Project. He has vast experience in various fields which includes Internal Audit, Project Financing and Merchant Financing. Mr. Nessar is an accomplished investment and development banker. He is an MBA from Institute of Business Administration (IBA), Karachi.

Joint Secretary, Finance Division, Government of Pakistan. Mr. Shabbir has served as Executive Vice President in IDBP and has also liaised with World Bank and Asian Development Bank for their Capital & Finance Market Programmes in Pakistan. He has worked as focal person to establish necessary infrastructure for Public Private Partnership (PPP) in Pakistan. While serving in Ministry of Petroleum & Natural Resources. He was a member of the Core Team in developing different gas import options for Pakistan. Being a member of Government Working Group negotiated terms and conditions for gas import, pipeline projects with Iran, India, Afghanistan and Turkmenistan. Mr. Shabbir holds a Master Degree in English Literature from the University of Punjab and post-graduate Diploma in Managerial Control and Management Information System.

Board's Profile



Ahmad Aqeel
Director



A. Samad Dawood
Director

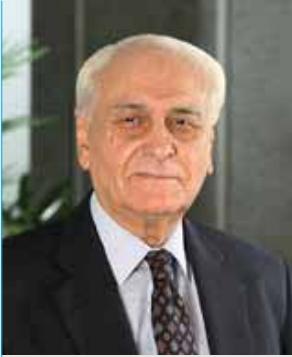


Muhammad Arif Habib
Director

Managing Director, City Developers, Sheikh Fuels and Sheikh CNG. He also holds Directorship of Gibraltar Power Limited, City Builders and City CNG. Member, Lahore Chamber of Commerce and Industry. Mr. Ahmad has attended number of workshops and seminars locally and Internationally. He is a Law graduate from Pakistan College of Law.

Chairman, Central Insurance Company Limited and Chief Executive, Dawood Corporation (Pvt.) Limited. Director, Engro Corporation Limited, Dawood Hercules Chemicals Limited, Engro Fertilizers Limited, Dawood Lawrencepur Limited, DH Fertilizers Limited, Inbox Business Technologies (Pvt.) Limited, Tenaga Generasi Limited, WWF Pakistan and Pebbles (Pvt.) Limited. He is also a trustee of Dawood Foundation. Mr. Samad is a certified Director from Pakistan Institute of Corporate Governance and a graduate in Economics from University College London, UK.

Chairman and Chief Executive, Arif Habib Corporation Limited, Chairman, Fatima Fertilizers Company Limited, Thatta Cement Company Limited, Javedan Corporation Limited, Arif Habib Foundation, Pakarab Fertilizers Limited, Pakistan Private Equity Management Limited, Real Estate Modaraba Management Company Limited, Sachal Energy Development (Pvt.) Limited and Memon Health and Education Foundation. Managing Director of Arif Habib DMCC. Director, Pakistan Center for Philanthropy, Karachi Education Initiative, Pakistan Engineering Company Limited, Aisha Steel Mills Limited, Safe Mix Concrete Products (Pvt.) Limited, International Complex Projects Limited, Rotocast Engineering Company (Pvt.) Limited. Ex-President/Chairman, Karachi Stock Exchange. Founding member and Ex-Chairman, Central Depository Company of Pakistan Limited. Ex-Member Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities and Exchange Ordinance Review Committee.



Muhammad Azam Khan
Director



Wazir Ali Khoja
Director



Mian Raza Mansha
Director

Ex-Minister for Finance, Planning & Development, Government of Khyber Pakhtun Khwa (KPK), Peshawer. He also holds the chairmanship of Finance Committee of Directors of SNGPL. Mr. Azam has immense experience in the fields of Finance, Research, Planning and Development. He has served in different national and international organizations in the capacity of Chairman, Director, Advisor and Secretary. He has served as Chief Secretary, Secretary, Director General and Commissioner for the Government of Pakistan and KPK by contributing to the Petroleum and Natural Resources, Administration, Education, Labour and Manpower, Communication and Works Departments. Mr. Azam is Barrister-at-law from Lincoln's Inn, London and graduate in Political Science and History from the University of Peshawar. He has also completed his Diploma in Development Administration from UK.

Chairman and Managing Director of National Investment Trust Limited (NIT). Director, Bank Al Habib Limited, Fauji Fertilizers Company Limited, Packages Limited, Askari Bank Limited, Habib Metropolitan Bank Limited, Thatta Cement Company Limited, KSB Pumps Company Limited, Pak Suzuki Motors Company Limited, Burshane LPG (Pakistan) Limited, SSGCL and PSO Company Limited. He is a member of Governing Body of Pakistan Cricket Board (PCB). He has several years of experience in Banking, Human Resource, Finance and Mutual Fund Industry. Mr. Khoja is a Commerce graduate from University of Sindh.

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

Board's Profile



Saeed Ullah Shah
Director



Azim Iqbal Siddiqui
Director



Shahid Aziz Siddiqui
Director

Director General (Gas) Ministry of Petroleum and Natural Resources. Director, Sui Southern Gas Company Limited (SSGCL) and Member, Board of Governor of Hydrocarbon Development Institute of Pakistan (HDIP). Mr. Shah has attended several Trainings and holds Diplomas in "Oil and Gas Regulatory Framework" and "Natural Gas Technology and Management" from Canada. Diploma in Petroleum Policy and Management from Oil Directorate, Norway and Project Analysis from U.S.A. He is a Petroleum Geologist by profession, having vast experience in the Petroleum Industry. Mr. Shah holds B.Sc. (Hons) and M.Sc. Petroleum Geology Degrees.

Managing Director, Sui Southern Gas Company Limited, Director, Petroleum Institute of Pakistan (PIP) and Inter State Gas Systems (Pvt.) Limited (ISGSL). Mr. Siddiqui has diversified experience in the fields of Materials Management, Human Resource and Customer Services.

Chairman, State Life Insurance Corporation of Pakistan. Director, Packages Limited, Fauji Fertilizers Company Limited, International Industries Limited, SSGCL, ORIX Leasing Pakistan Limited and Pakistan Cables Limited. Mr. Siddiqui topped the CSS examination. He has also been Deputy Commissioner of the Districts of Thatta, Sanghar and Larkana. He is a certified Director from Pakistan Institute of Corporate Governance. Mr. Siddiqui holds a Masters Degree from Karachi University and a post-graduate Degree in Development Economics from the University of Cambridge, UK.



Amer Tufail
Chief Financial Officer



Uzma Adil Khan
Company Secretary

Fellow member of the Institute of Chartered Accountants of Pakistan. Mr. Amer has over 19 years post qualification experience of local and international markets with public and private entities and multilateral funding agencies on senior positions.

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



Corporate Profile & Information



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 (217 miles of 16 inch and 80 miles of 10 inch diameter pipelines) from Pakistan Industrial Development Corporation (PIDC) and Dholian – Rawalpindi – Wah System (82 miles of 6 inch diameter pipeline) from Attock Oil Company Limited. The Company's commercial operations commenced by selling an average of 47 MMCFD gas in two regions viz. Multan and Rawalpindi, serving a total number of 67 consumers.

SNGPL is the largest integrated gas company serving more than 3.9 million consumers in North Central Pakistan through an extensive network in Punjab, Khyber Pakhtunkhwa, Federal Capital and Azad Jammu & Kashmir. The Company has over 48 years of experience in operation and maintenance of high-pressure gas transmission and distribution system. It has also expanded its activities as Engineering, Procurement and Construction (EPC) Contractor to undertake the planning, designing and construction of pipelines, both for itself and other organizations.

Corporate Information

Joint Auditors

A. F. Ferguson & Co.
Chartered Accountants

M. Yousaf Adil Saleem & Co.
Chartered Accountants

Shares Registrar

M/s. Central Depository Company
of Pakistan Limited,
2nd Floor, 307 Upper Mall,
Opposite Lahore Gymkhana,
Near Mian Mir Bridge, Lahore-54000.
Ph: +92-42-35789378
Fax: +92-42-35789340
E-mail: ali_zaidi@cdcpak.com

Legal Advisors

M/s. Surridge & Beecheno
M/s. Salim Baig and Associates

Registered Office

Gas House,
21-Kashmir Road, P.O. Box No.56
Lahore- 54000 (Pakistan)
Ph: +92-42-99082000, 99080000, 99201419
Fax: +92-42-99201317, 99201302
E-mail: info@sngpl.com.pk
website: www.sngpl.com.pk

Corporate Governance

The Board



Sitting Left to Right:

Mr. Wazir Ali Khoja, Mr. Shahid Aziz Siddiqui, Mr. M. Azam Khan, Mian Misbah-ur-Rehman (Chairman), Mr. M. Arif Hameed (Managing Director/CEO),
Mr. Nessaar Ahmed, Mr. Saeed Ullah Shah

Standing Left to Right:

Mr. Amer Tufail (CFO), Mirza Mahmood Ahmad, Mr. Shabbir Ahmed, Mian Raza Mansha, Mr. Ahmad Aqeel, Mr. Azim Iqbal Siddiqui, Mrs. Uzma Adil Khan (Company Secretary)

Not in Picture: Mr. A. Samad Dawood & Mr. M. Arif Habib

In order to secure the interest of the stakeholders of the Company and to ensure transparency in the Company's affairs, the Board has adopted and implemented good corporate governance. Your Company ensures compliance to Companies Ordinance 1984, Listing Regulations of Stock Exchanges and Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan.

Company's strategic plans, quarterly performance and risks are reviewed regularly. The business and affairs of the Company are managed under the supervision of the Board. The Board of Directors ensures that highest standards are being maintained in order to enhance the shareholders' and Company's value by optimally utilizing all available resources.

Board of Directors

An extraordinary general meeting of the Company was held on June 23, 2011 for election of Directors for the triennial commencing June 26, 2011. The election was conducted by using voting rights by the shareholders.

It was contested by 15 candidates, 13 of whom were declared elected. The Managing Director did not contest the election and deemed to be a Director under section 200(2) of the Companies Ordinance 1984. All Directors have wide range of experience in different professions to strengthen the policy and decision making process of the Company.

Your Company has adopted best Corporate Governance practices by keeping the positions of Chairman of the Board and CEO separate. Shareholders' rights are being protected under the directions of the Board by enforcing the equitable treatment for all its shareholders regardless of the number of shares owned.

In view of the above, the Board has constituted four sub-committees viz Audit, Finance, Human Resource and Unaccounted for Gas Control Committees, comprising different Board Members, based on their areas of expertise. Sub-committees give their best input and expert opinion on different strategic issues, for final approval by the Board. All four sub-committees of the Board were reconstituted after election of Directors.



382nd Board Meeting in Progress

Board Meetings

The names and categories of the Board of Directors and their attendance at Board meetings during the year are given below;

Sr. #	Name	Designation	Category	FY 2010-11	
				Total No. of BOD Meetings held*	No. of Meetings Attended
1	Mian Misbah-ur-Rehman	Chairman	Non-Executive	12	10
2	Mr. Muhammad Arif Hameed	MD / CEO	Executive	2	2
3	Mr. A. Rashid Lone	Ex-MD	Executive	10	10
4	Dr. Faizaullah Abbasi	Director	Non-Executive	12	5
5	Mr. S.M. Asghar	Director	Non-Executive	12	12
6	Mr. M. Iqbal Awan	Director	Non-Executive	12	11
7	Mr. A. Samad Dawood	Director	Non-Executive	12	5
8	Mr. Abdul Bari Khan	Director	Non-Executive	12	11
9	Mr.Tariq Iqbal Khan	Director	Non-Executive	12	9
10	Mian Raza Mansha	Director	Non-Executive	12	4
11	Mr. Inam-ur-Rahman	Director	Non-Executive	12	1
12	Malik Tahir Sarfraz	Director	Non-Executive	12	10
13	Syed Zahir Ali Shah	Director	Non-Executive	12	4
14	Mr. Wazir Ali Khoja	Director	Non-Executive	8	4
15	Mr. Saeed Ullah Shah	Director	Non-Executive	7	4
16	Mr. Mansoor Muzaffar Ali	Director	Non-Executive	3	3
17	Mr. Sher Muhammad Khan	Director	Non-Executive	1	1

*Held during the period the concerned Director was a member of the Board.

Audit Committee of the Board



Mr. A. Samad Dawood
Member

Mr. Ahmad Aqeel
Member

Mirza Mahmood Ahmad
Member

Mr. Nessar Ahmed
Chairman-Audit Committee

Mr. Wazir Ali Khoja
Member

Mian Raza Mansha
Member

Mr. Shahid Aziz Siddiqui
Member

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

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

Procedure

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

Responsibilities

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

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

- a) determination of appropriate measures to safeguard the 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 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 Company;
- g)** review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h)** consideration of major findings of internal investigations and Management's response thereto;
- i)** ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j)** review of the 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:

Sr. #	Name	Designation	Category	FY 2010-11	
				Total No. of AC Meetings held*	No. of Meetings Attended
1	Mr. S. M. Asghar	Chairman	Non-Executive	4	4
2	Mr. Abdul Bari Khan	Member	Non-Executive	4	4
3	Mian Raza Mansha	Member	Non-Executive	4	3
4	Mr. A. Samad Dawood	Member	Non-Executive	4	2
5	Mr. M. Iqbal Awan	Member	Non-Executive	4	4
6	Malik Tahir Sarfraz	Member	Non-Executive	4	4
7	Mr. Saeed Ullah Shah	Member	Non-Executive	3	2
8	Mr. Sher Muhammad Khan	Member	Non-Executive	1	1

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

Finance Committee of the Board



Mr. Shabbir Ahmed
Member

Mr. Ahmad Aqeel
Member

Mr. M. Arif Hameed
Managing Director

Mr. Muhammad Azam Khan
Chairman-Finance Committee

Mr. Azim Iqbal Siddiqui
Member

Mr. Shahid Aziz Siddiqui
Member

Mr. Saeed Ullah Shah
Member

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

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

Procedure

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

Responsibilities

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

- a) 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.
- b) Major contracts including financial/economic appraisals of the same in excess of the financial powers delegated to the Managing Director / Finance Committee.
- c) The examination of Capital and Revenue Budget of the Company and to make recommendations to the Board of Directors, thereon.
- d) Comparison of the Revenue and Capital budget with the proposals submitted to OGRA alongwith the major deviations including reasons thereof.
- e) The examination of Budgetary and Operating limits of authority and recommend to the Board any deviation or any enhancement thereof.

- f) 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.
- g) To approve/recommend major contracts of civil work alongwith cost benefit analysis thereof which also include purchase of land.
- h) To review manual/policies adopted by the Management in respect of procurement of various materials and services.
- i) To review the borrowing plans of the Company and recommendation thereof to the Board for approval assessing the requirements thereof or otherwise.
- j) Any other assignment given by the Board of Directors.

Powers

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

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

Sr. #	Name	Designation	Category	FY 2010-11	
				Total No. of FC Meetings held*	No. of Meetings Attended
1	Mr. Tariq Iqbal Khan	Chairman	Non-Executive	6	6
2	Mr. Muhammad Arif Hameed	MD/CEO	Executive	2	2
3	Mr. A. Rashid Lone	Ex-MD	Executive	4	3
4	Mr. A. Samad Dawood	Member	Non-Executive	6	2
5	Dr. Faizullah Abbasi	Member	Non-Executive	6	1
6	Malik Tahir Sarfraz	Member	Non-Executive	6	6
7	Mr. M. Iqbal Awan	Member	Non-Executive	6	6
8	Mr. Abdul Bari Khan	Member	Non-Executive	6	6

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

Human Resource Committee of the Board



Mr. Wazir Ali Khoja
Member

Mr. Ahmad Aqeel
Member

Mr. M. Arif Hameed
Managing Director

Mirza Mahmood Ahmad
Chairman-HRC

Mian Raza Mansha
Member

Mr. Azim Iqbal Siddiqui
Member

Mr. Saeed Ullah Shah
Member

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 plans and formation of Human Resource policies for all employees of the Company. Specific succession planning for Senior Management positions is also a primary responsibility of the HRC.

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

Procedure

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

Responsibilities

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

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

Functions

- a) Review organizational structure periodically to:
 - evaluate and recommend for approval of changes in organization, functions, and relationships affecting Management positions equivalent in importance to those on the Management position schedule;
 - establish plans and procedure which provide an effective basis for Management control over Company's manpower;
 - determine appropriate limits of authority and approval procedures for personnel matters requiring decision at different level of Management.

- b)** Review the employees development system to ensure that it:
- foresees the Company's Senior Management requirement;
 - provides for early identification and development of key personnel;
 - brings forward specific succession plans for Senior Management positions;
 - training and development plans.
- c)** Compensation and Benefits:
- review data of competitive compensation practices in the market and evaluation of the policies and programmes through which the Company compensates its employees;
 - review salary ranges, salaries and other compensation for CEO and Senior Management reporting to the CEO.

Powers

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

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

Sr. #	Name	Designation	Category	FY 2010-11	
				Total No. of HRC Meetings held*	No. of Meetings Attended
1	Syed Zahir Ali Shah	Chairman	Non-Executive	4	4
2	Mr. A. Rashid Lone	Ex-MD	Executive	4	4
3	Mr. A. Samad Dawood	Member	Non-Executive	4	0
4	Mian Raza Mansha	Member	Non-Executive	4	1
5	Mr. Inam Ur Rahman	Member	Non-Executive	4	2
6	Malik Tahir Sarfraz	Member	Non-Executive	4	4
7	Mr. Saeed Ullah Shah	Member	Non-Executive	2	1
8	Mr. Wazir Ali Khoja	Member	Non-Executive	2	1
9	Mr. Mansoor Muzaffar Ali	Member	Non- Executive	1	1
10	Mr. Sher Muhammad Khan	Member	Non-Executive	1	1

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

UFG Control Committee of the Board

Mr. Nessar Ahmed
MemberMirza Mahmood Ahmad
MemberMr. Shabbir Ahmed
MemberMr. Muhammad Arif Habib
Chairman-UFGC CommitteeMr. Ahmad Aqeel
MemberMr. A. Samad Dawood
MemberMr. Saeed Ullah Shah
Member

The UFG Control Committee presently comprises seven non-executives directors. This committee is primarily responsible to take concrete measures to control UFG and make suitable recommendations to the Board.

The terms of reference of UFG Control Committee are as follows:

Procedure

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

Responsibilities

The UFG Committee of Directors shall be responsible to review strategic UFG issues as assigned by the OGRA and Board of Directors (issued from time to time), for maintaining:

- a sound plan to minimize the UFG losses;
- an effective implementation of UFG control methodology;
- sound compensation and benefit plan, policies and practices, designed to attract the concerns and personnel, in order to reduce the UFG losses;
- review of UFG control methodology/plan periodically;

The UFG Control Committee will recommend to the Board for the implementation of UFG finalized plan, or any change therein, for the implementation in the Company.

The composition of the Unaccounted For Gas Control Committee, detail of meetings and directors' attendance are given below:

Sr. #	Name	Designation	Category	FY 2010-11	
				Total No. of UFGC-C Meetings held*	No. of Meetings Attended
1	Mr. M. Iqbal Awan	Chairman	Non-Executive	4	4
2	Mr. S. M. Asghar	Member	Non-Executive	4	4
3	Mr. Sher Muhammad Khan	Member	Non-Executive	1	1
4	Mr. Tariq Iqbal Khan	Member	Non-Executive	3	2
5	Dr. Faizullah Abbasi	Member	Non-Executive	3	0
6	Mr. Saeed Ullah Shah	Member	Non-Executive	3	2
7	Mr. Inam ur Rahman	Member	Non-Executive	4	0

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



We are not afraid to accept challenges for the accomplishment of a task...

Statement of Compliance

with the Code of Corporate Governance



This statement is being presented to comply with the Code of Corporate Governance (Code) contained in the Listing Regulations of all the three stock exchanges of the Country viz Karachi, Lahore and Islamabad, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- 1.** The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors. The Board comprises 13 independent non-executive Directors, in addition to Managing Director, who is deemed to be a Director as per statute.
- 2.** The Directors of the Company have confirmed that they are not serving as a Director in more than ten listed companies, including this Company except Mr. Wazir Ali Khoja, who is Director of more than ten listed companies. However, SECP has given him dispensation of clause III of the Code of Corporate Governance in respect of Directorship on the Board of 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 NBFI or, being a Member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
- 4.** Casual vacancies occurred in the Board of Directors during the Financial Year were filled up by the Directors within thirty days thereof.
- 5.** The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
- 6.** The Board has developed a vision and 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 of the Karachi Stock Exchange (Guarantee) Limited.
- 10.** All Directors of the Company were requested for attending the orientation/ Director's Certification Course, however, one director i.e. Mr. M. Iqbal Awan opted to attend the same, as required under 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 seven Members, all of them are independent non-executive Directors including the Chairman of the Committee.
- 17.** The meetings of the Audit Committee were held once in every quarter, prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
- 18.** The Board has set up an effective internal audit function. The staff of the internal Audit is suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
- 19.** The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 20.** The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21.** We confirm that all other material principles contained in the Code have been duly complied with.

On behalf of the Board



Lahore
September 28, 2011

M. Arif Hameed
Managing Director/
Chief Executive Officer

Milestones



Project I 1964 - 1969	Extension of Sui-Multan section to Faisalabad and Lahore and then linked with Dhulian-Rawalpindi-Wah system to form a common grid.
Project II 1970 - 1971	Increased system capacity from 170 MMCFD to 205 MMCFD.
Project III 1971- 1973	Supplies of gas further extended to major cities in the Khyber Pakhtunkhwa Province. System capacity increased to 277 MMCFD.
Project IV 1974 - 1981	Erection of 2 x 100 MMCFD purification banks at Sui, installation of 34,700 HP compression stations. System capacity enhanced to 387 MMCFD.
Project V 1985 - 1991	Increased system capacity to 450 MMCFD, constructed purification bank of 120 MMCFD capacity at Sui.



Project VI 1989 - 1998	1200 Km pipeline laid and 53,370 HP additional compression stations installed. System capacity enhanced to 980 MMCFD.
Project VII 2001 - 2003	560 Km pipeline laid and 25,000 HP additional compression stations installed. System capacity enhanced to 1380 MMCFD.
Project VIII 2003 - 2005	803 Km transmission pipeline laid to increase system capacity upto 1680 MMCFD.
Gas Supply to Lilla Town 2005 - 2006	Completed a pilot project (Phase-I) for supply of gas to Lilla Town through CNG by establishing Mother-Daughter system.
Gas Supply to Murree 2006 - 2007	Completed a project for supply of gas to Murree. Gas supply to 21 No. Southern district of Punjab & Khyber Pakhtun Khwa Provinces.
Project IX 2006 - 2011	Being undertaken for de-bottlenecking of pipeline system and to absorb additional gas from new and existing sources.

The Management



M. Arif Hameed
Managing Director /
Chief Executive Officer

Khalid Walid Sharq
Deputy Managing Director
(Operations)

Amer Tufail
Chief Financial Officer

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



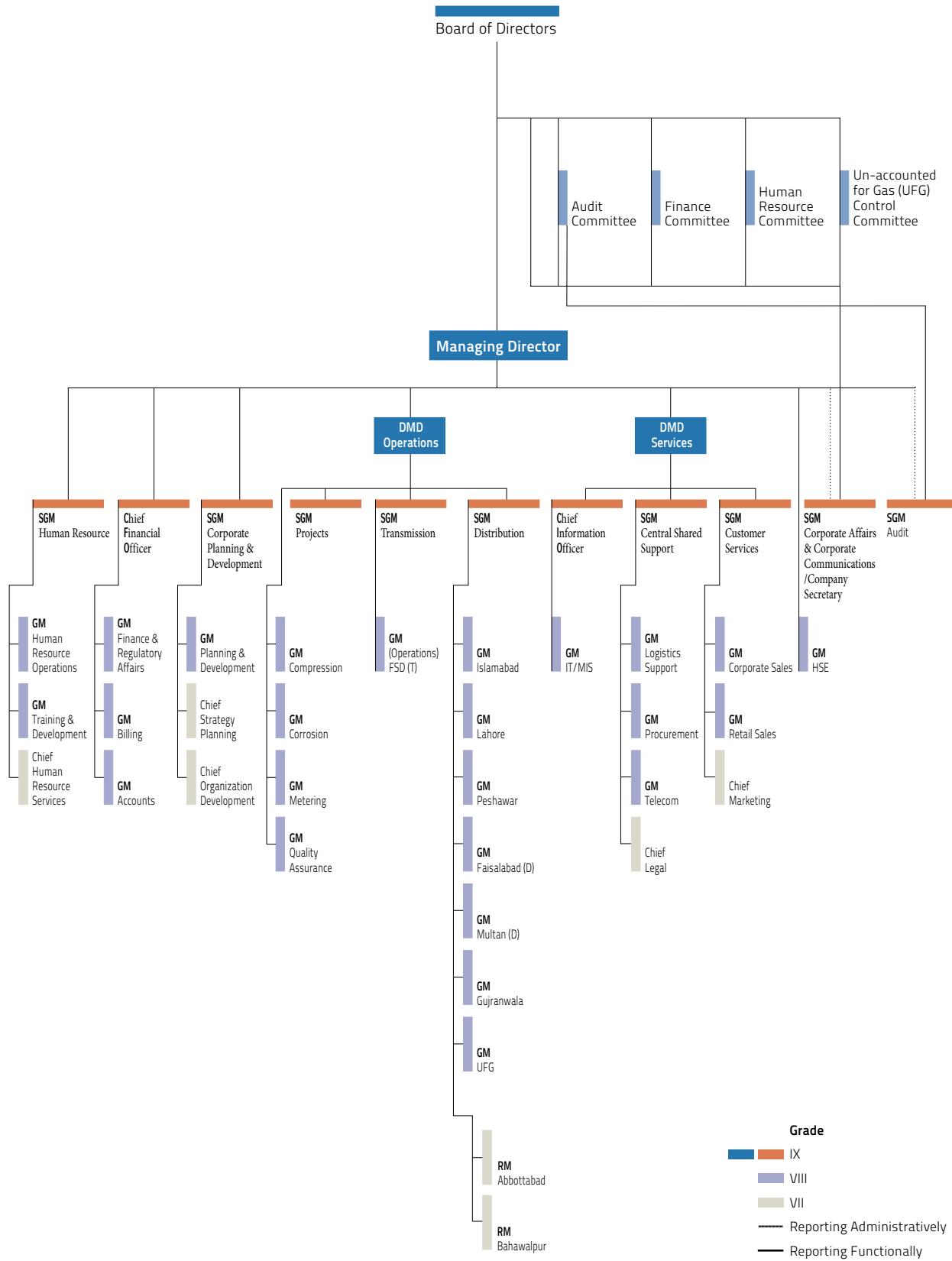
Brig. (R) Zulqurnain Ahmad
Senior General Manager
(Human Resource) / (Customer Services)

Faisal Iqbal
Actg. Chief Information Officer

Amjad Latif
Actg. Senior General Manager
(Distribution)

Ali Hussain Qureshi
Actg. Senior General Manager
(Transmission)

Organogram



Grade

- IX
- VIII
- VII
- Reporting Administratively
- Reporting Functionally

Notice of Annual General Meeting



Notice is hereby given that the 48th Annual General Meeting of the Company will be held at Hotel Avari, 87-Shahrah-e-Quaid-e-Azam, Lahore at 11:30 A.M. on Monday, October 31, 2011 for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting held on June 23, 2011.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2011 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 Re.1.00 per share of Rs 10 each i.e. 10% for the year ended June 30, 2011 as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2012 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.

SPECIAL BUSINESS

To approve capitalization of a sum of Rs.274.553 million for the issuance of 5% bonus shares in proportion of one share for every twenty shares held, and to pass, with or without modification, if deemed appropriate, the following ordinary resolution:

RESOLVED

THAT a sum of Rs.274.553 million out of the reserves as on June 30, 2011 be capitalized and applied to the issue of 27,455,266 ordinary shares of Rs.10 each allotted as fully paid bonus shares to the members of the Company whose names appear on the register of members as at close of business on October 19, 2011 in the proportion of one bonus share for every twenty shares held.

THAT the bonus shares shall rank pari passu in all respects with the existing shares except that these shares shall not qualify for the dividend declared for the year ended June 30, 2011.

THAT the fractional entitlement of the shareholders shall be consolidated into whole shares and sold in the stock market and the proceeds thereof be paid to any Welfare/Charitable institution approved for donation under the Income Tax Ordinance, 2001.



Extraordinary General Meeting held on June 23, 2011

THAT the Managing Director of the Company be and is hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares.

The share transfer books of the Company will remain closed from Thursday, October 20, 2011 to Monday, October 31, 2011 (both days inclusive). The members whose names appear in the register of members as at the close of business on Wednesday, October 19, 2011 will qualify for the payment of dividend.

By order of the Board

Lahore:
September 28, 2011

(UZMA ADIL KHAN)
Company Secretary

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

ISSUANCE OF BONUS SHARES

Since the reserves of the Company as on June 30, 2011 represent accretion in its existing balance, it has been thought expedient to capitalize a part of the said reserves by way of issue of bonus shares to the members. It is hereby declared that issuing bonus shares, no interest of any director, directly or indirectly is involved except and to the extent of entitlement of bonus shares admissible on the existing shares held by the Government, the Corporations and Institutions whom they represent or shares registered in their name.

Pursuant to rule 6 (iii) of the Companies Rules 1996 (issue of capital), the Auditors have certified that the free reserves and surpluses retained after the issue of the bonus shares would be higher than twenty five percent of the increased paid up capital.

Notice of Annual General Meeting

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 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 on 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 (Pakistan),
Ph: + 92-42-99080000, 99082000, 99201419.
Fax: +92-42-99201317, 99201302
E-Mail: info@sngpl.com.pk
Web Site: www.sngpl.com.pk

SHARES REGISTRAR

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