



Sui Northern Gas Pipelines Limited

“The Preferred Company
of the most demanding
customers”



Registered Office:

21 Kashmir Road,
P.O. Box No. 56,
Lahore-54000 (Pakistan)
Telephones: +92-42-9201451-60 & 9201490-99
Facsimile: +92-42-9201369 & 9201302
www.sngpl.com.pk
info@sngpl.com.pk

Annual Report 2007



HEAD OFFICE

Gas House

21 Kashmir Road, P.O. Box No. 56, Lahore - 54000 (Pakistan)

Ph.: +92-42-9201451-60 & 9201490-99

Facsimile: +92-42-9201369 & 9201302



REGIONAL OFFICES

Abbottabad

Mansehra Road

Ph: 0992-9310071-72, 9310077-78 Fax: 0992-9310070

Bahawalpur

2-A Railway Road

Ph: 062-9255022-24 Fax: 062-9255256

Faisalabad

Sargodha Road

Ph: 041-9210033-35 Fax: 041-9210037

Gujranwala/Sialkot

M. A. Jinnah Road

Ph: 055-9200481-84 Fax: 055-9200486

Islamabad

28-30 Sector I-9, Industrial Area

Ph: 051-9257710-19 Fax: 051-9257770

Lahore

21 Industrial Area, Gurumangat Road, Gulberg III

Ph: 042-9263361-80 Fax: 042-9263400

Multan

Piran Ghail Road

Ph: 061-9220081-86 Fax: 061-9220090

Peshawar

Plot 33, Sector B II, Hayatabad, Phase V

Ph: 091-9217748-49 Fax: 091-9217758



www.sngpl.com.pk



Sui Northern Gas Pipelines Limited

“The Preferred
Company of the most
demanding
customers”

Our customers are our greatest asset. They are the purpose of our existence. We are driven by their needs, and their ever increasing numbers, measures our progress.

From the humble hearth of a domestic consumer, to moving the wheels of the most powerful industries in Pakistan, the Company is dedicated to deliver performance that raises standards of its valued customers. SNGPL is a partner in the progress of Pakistan.

The Company has grown manifold since its inception in 1963. True to our mission statement we have honoured our commitment to deliver natural gas to all doorsteps in our chosen areas, through continuous expansion of our network. We will carry on to do so in future, if we are blessed to unearth, new sources of this precious natural resource.

We serve a variety of consumers from all segments of the society. Going that extra mile for people who matter the most, we are committed to reaching out, touching lives and enriching them with the warmth that connects us all.

We are indebted and devoted to each and every one of our 2,953,818 consumers for making SNGPL the “Preferred Company”.


(UZMA ADIL KHAN)
Company Secretary



Our Performance in 2007

The Company posted pre-tax profit Rs 4,250 million for the year ended June 30, 2007. The balance sheet indicates total assets of Rs 83,651 million representing increase of 8.30% over the previous year. The Company kept its pace consistent throughout the year and provided record number of gas connections to industrial, commercial and domestic consumers, by expanding its distribution and transmission network upto 59,019 Kms in Punjab, NWFP & Azad Jamu & Kashmir. The debtors turnover and interest coverage ratios have been increased considerably, whereas the debt equity ratio has reduced significantly due to early retirement of loans, causing reduction in financial charges. These factors improved due to optimum utilization of Company's resources and stringent financial controls in the Company.

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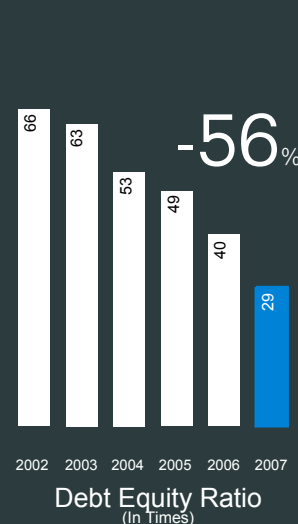
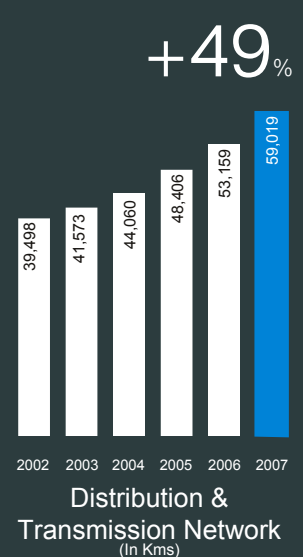
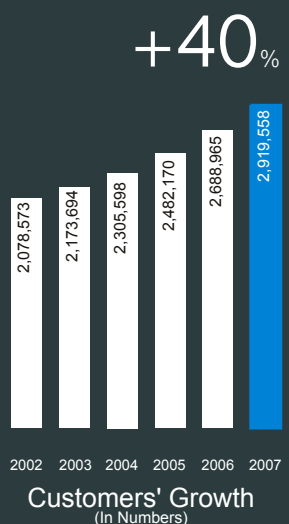
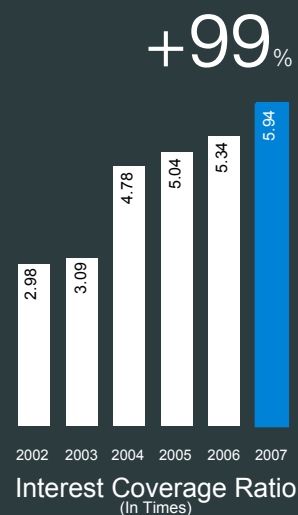
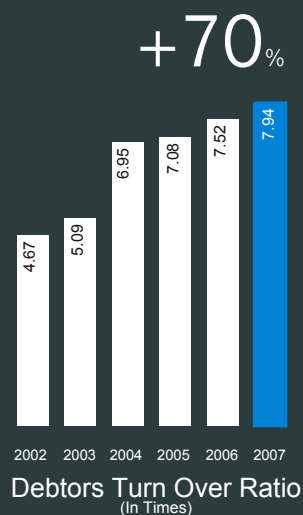
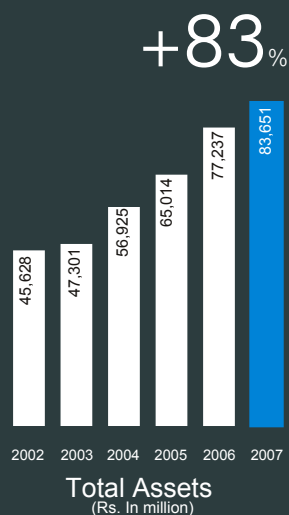
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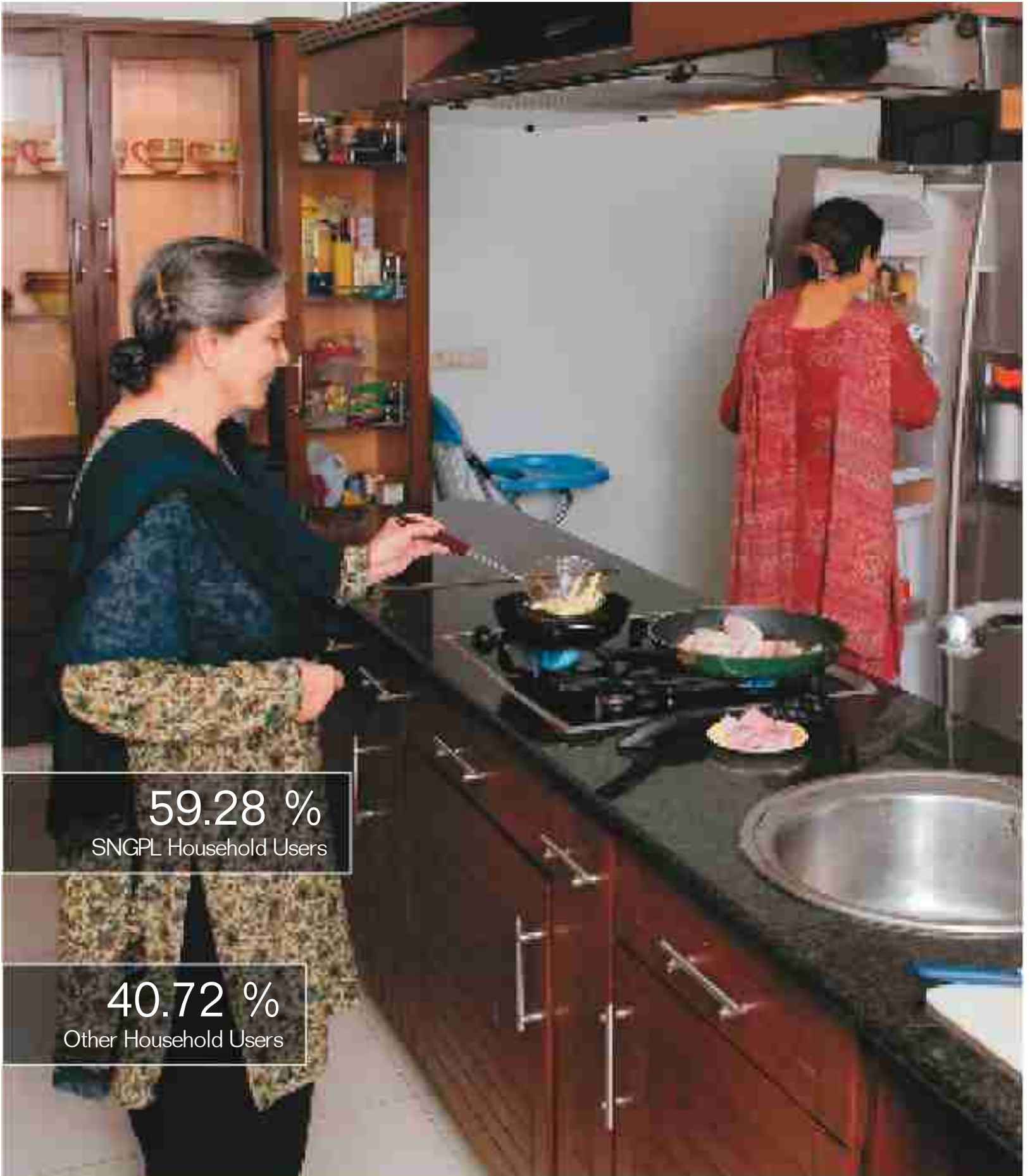
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59.28 %
SNGPL Household Users

40.72 %
Other Household Users

“The Preferred Company
of the most demanding Domestic Consumers.”



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.

SNGPL

Brings comfort to our lives



- □ Use geyser only when hot water is needed.
- □ Set thermostat to zero immediately after use or use thermal efficient water heater.
- □ Keep your conventional geyser in closed and ventilated area.
- □ Never leave thermostat at very hot position.
- □ Insulate your overhead tank and water pipes.



Strategic Objectives...

Sui Northern Gas Pipelines Limited is committed to:

- Provide quality customer service.
- Delivering clean, efficient and reliable gas delivery.
- Maintaining healthy and safe working environment.
- Ensuring fair return to shareholders.
- Optimizing the use of company's resources.
- Implementation of quality management services.

SNGPL

Bringing Warmth to Our Lives



- ❑ Heater burns gas and consumes oxygen in the room which is a life threatening health hazard.
- ❑ Minimize usage of gas heater in the room.
- ❑ Turn off gas lever before going to bed.



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.



Business Strategy

- □ Maximize sale of gas by entering into new areas through development / expansion of requisite infrastructure.
- □ Focus on country's economic revival by outreaching industries for gas supply.
- □ Displace imported liquid fuels to save foreign exchange.
- □ Introduce policies and practices leading the Company from monopoly to competitive market thus facilitating privatization.
- □ Endeavor to reduce Un-accounted For Gas (UFG) Loss.
- □ Improvement in quality service to customer satisfaction.
- □ Emphasis on Human Resource Development (HRD) for quality workmanship.
- □ Create awareness and enforce adherence to Health, Safety and Environment (HSE) policy / standards.
- □ Improve financial discipline through prudent investment / borrowing.
- □ Improve internal controls / Risk Management to achieve maximum operational efficiency of system.

Statement of Ethics & 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.

...Statement of Ethics & Business Practices

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, 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.

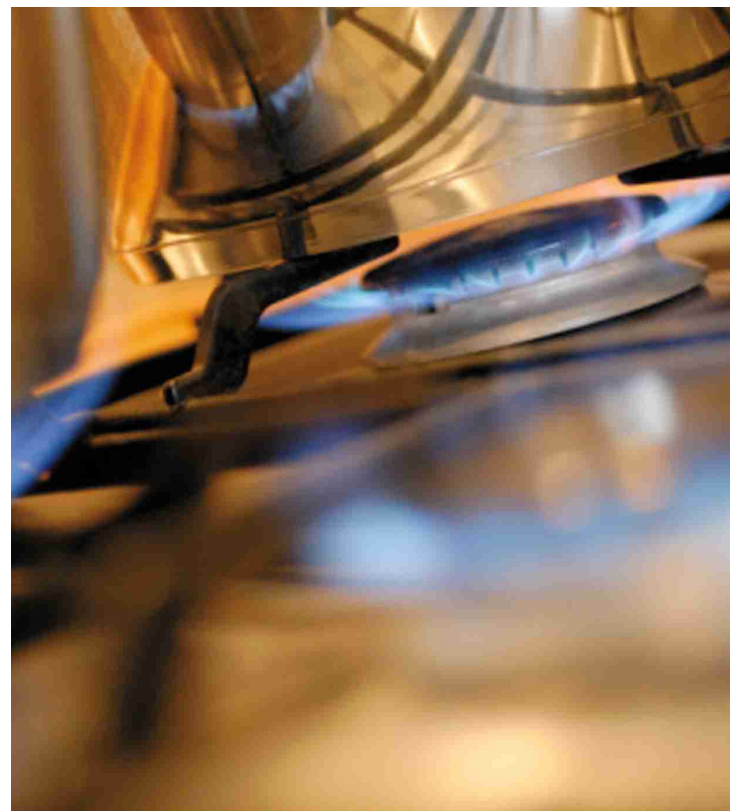
Regulatory Compliance and Corporate Governance

SNGPL 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.





SNGPL **40.00%**
Power Generating Users

Other **60.00%**
Power Generating Users

"The Preferred Company
of the most demanding Power Industries"



Corporate
GOVERNANCE >

The Board



Sitting L. to R:
Saeed Ullah Shah (Director), Mr. Tariq Iqbal Khan (Director), A. Rashid Lone (Chief Executive/ Managing Director),
Standing L. to R:
Amar Tufail (Chief Financial Officer), Shahzada Dawood (Director), Munawar B. Ahmad (Director), S. M. Asghar
(Director), Abdul Bari Khan (Director)