

SUI NORTHERN GAS PIPELINES LIMITED
ANNUAL REPORT 2017



INVESTMENT IN GROWTH
OUR CURRENCY TO SUCCESS



About the Cover



Sui Northern Gas Pipelines Limited (SNGPL) realizes that only determined actions lead to success. This taught us; to evolve our strategies against the structural and paradigm shifts; to evaluate our decisions, to best utilize our limited resources and to remain focused at fueling the progress of the nation. We have consciously adapted strategic postures with potential to deliver transformative change and progress for both, the Country and the Company.

We rely on dedication, project execution, responsiveness and effectiveness but most of all, on the personal productivities of every individual working with us.

We have defeated adversities in the past and will continue to do so in the future, through effective investment of technologies, methodologies and resources to incessantly contribute towards the welfare of this nation, society, environment and ourselves.



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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.

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.



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 the Companies Act, 2017 and is listed on the Pakistan Stock Exchange Limited.

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) & Dhulian - 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 5.65 million consumers in North Central Pakistan through an extensive network in Punjab, Khyber Pakhtunkhwa and Azad Jammu & Kashmir. The Company has over 54 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.

COMPANY SECRETARY

Miss Wajiha Anwar

AUDITORS

A.F. Ferguson & Co.

Chartered Accountants

SHARES REGISTRAR

Central Depository Company of Pakistan Limited

2nd Floor, 307 Upper Mall, Opposite Lahore Gymkhana,

Near Mian Mir Bridge, Lahore-54000.

Tel: (+92-42) 35789378-87

Fax: (+92-42) 35789340

E-mail: info@cdcpak.com

Website: www.cdcpakistan.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.

Tel: (+92-42) 99201451-60 & 99201490-99

Fax: (+92-42) 99201369 & 99201302

Website: www.sngpl.com.pk

CODE OF CONDUCT



SNGPL requires its entire staff both executive 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 participate 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, 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 Regulations of the Pakistan Stock Exchange Limited, of whom SNGPL is a 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 OF DIRECTORS



MR. MUHAMMAD SAEED MEHDI

Chairman

Mr. Muhammad Saeed Mehdi, Chairman Board of Directors of SNGPL has remained associated with the Civil Services of Pakistan till his retirement and has served on many pivotal assignments including Secretary and later Principal Secretary to Prime Minister, Chief Secretary, Government of Sindh, Chairman Capital Development Authority, Chief Commissioner, Islamabad, Commissioner, Lahore and Rawalpindi Divisions, Secretary to Governor/MLA, Punjab, Deputy Commissioner, Mianwali, Rawalpindi, Multan and Lahore, Managing Director, Pakistan Tourism Development Corporation, Managing Director Overseas Employment Corporation. From 2008 to 2013 he remained part of the Provincial Cabinet of the Punjab Government as an advisor to the Chief Minister Punjab. Honour Roll student from Government College Lahore, Mr. Mehdi has also attended the Royal Institute of Public Administration, United Kingdom. In the Energy Sector Mr. Mehdi has remained the Chairman of KESC, and was the founder President/ Chief Executive of Admore (AGPL) Private Limited. Currently he is on the Board of Directors of Capital University of Science & Technology (CUST), Islamabad, Cadet College, Hasan Abdal, Muslim Youth (MY) University, Islamabad as the Chancellor of the University. He has also been a member of the Executive Committee of Lahore Gymkhana, Member of the Board of Governors, Lawrence College, Murree, Chairman, Executive Committee, Board of Governance, Cadet College, Hasan Abdal, Member, Board of Governors, M.A. Jinnah University, Karachi.

MR. AMJAD LATIF

Managing Director / CEO

Mr. Amjad Latif is a seasoned professional of the Company having over 36 years of diversified experience in pipeline construction, transmission and distribution of natural gas. During this span of time, he led several significant projects successfully and introduced several emerging methodologies in the Company. Prior to his present appointment, he held a number of key positions in Company's core divisions as Deputy Managing Director (Operations). Senior General Manager (Distribution) and General Manager (Operations). Additionally, during the term of his employment as head of operations, he had been entrusted with the headship of Faisalabad region as General Manager (Distribution). He held both the portfolios successfully and his tenure saw considerable decline in UFG losses of the Company as UFG value of gas transmission reduced to figures that were not attained previously in Company's history while in terms of reduction in UFG losses of gas distribution, his region outperformed other regions of the Company. In his current role, the Company has achieved several milestones, notably reduction of UFG to 8%, unprecedented rise in Company's share price and historic increase in its profit. Under his leadership, the Company successfully accomplished the largest gas infrastructure development project of the country that enabled provision of around 1200 MMCFD RLNG to various sectors, including newly established thermal power stations.

Mr. Latif is associated with Lahore University of Management Sciences (LUMS) in the capacity of Member, Board of Governors as well as with the boards of Inter State Gas System (Pvt) Limited, Petroleum Institute of Pakistan and National Power Parks Management Company (Pvt) Limited as Director. He is a PEC recognized professional engineer from University of Engineering & Technology, Lahore and has served as the president of its students union and member of senate & syndicate of the university. He has attended numerous local as well as international courses on energy sector management, operations and administration during his career. He also holds bachelor's degree in law.

MR. AHMAD AQEEL

Director

Mr. Ahmad Aqeel is a seasoned entrepreneur and business professional with over 15 years of experience in oil & gas, petro chemicals & real estate sectors. He has served on the Board of Sui Northern Gas Pipelines Limited (SNGPL) for two terms as a Director, Chairman of Risk Management Committee & an active member of all the key committees of the Board. Mr. Aqeel is currently serving his third term on the Board of SNGPL, Chairman RMC, a member of Human Resource & Nomination and Finance & Procurement Committees. He is also an independent elected director and a member of audit committee of Nishat Power Limited (NPL), a public listed Independent Power Producer. Mr. Aqeel has also founded & manages businesses in construction & high value building solutions, credited with setting up one of the leading retail business with Total Parco Pakistan Limited in addition to be part of CNG retail sector. Mr. Aqeel is a Ravian, a Law Graduate from Pakistan College of Law and a Certified Director from Pakistan Institute of Corporate Governance (PICG). He regularly attends local and international workshops and seminars and is an active member of Lahore Gymkhana.



MR. MANZOOR AHMED

Director

Mr. Manzoor Ahmed is presently Acting Managing Director, National Investment Trust Limited. Being COO, since 7 years, Mr. Ahmed has been successfully managing the operations and investment portfolio worth over Rs 100 bn. He has experience of over 28 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III. Mr. Ahmed has attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK and Financial Markets World, New York (USA). He represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.



MIAN MISBAH-UR-REHMAN

Director

Ex. Chairman, Sui Northern Gas Pipelines Limited, Chairman - Lahore Gymkhana Club, Chief Executive, Popular Chemical Works (Pvt.) Limited. Mr. Rehman has served as Chairman- Lahore Gymkhana Club in 1997, 2008 & 2010. Chairman - Pakistan Pharmaceutical Manufacturers Association (PPMA) during 1999-2000, President - The Lahore Chamber of Commerce and Industry (LCCI) during 2004-05 and Member Managing Committee- The Federation of Pakistan Chambers of Commerce and Industry. He is Member Governing Body - Workers' Welfare Fund (Ministry of Labour & Manpower, Government of Pakistan). As an active Ravian, he is Member - Board of Trustees and Member - Endowment Trust Fund of Government College University (GCU), Lahore. Mr. Rehman has rendered remarkable services for Social Welfare.



MIRZA MAHMOOD AHMAD

Director

Mirza Mahmood Ahmad is Advocate of Supreme Court of Pakistan. He is Director on the Boards of Sui Northern Gas Pipelines Limited (SNGPL), Sui Southern Gas Company Limited (SSGC), Pakistan Engineering Company Limited (PECO). Mr. Ahmad is a partner of Minto and Mirza Advocates and Solicitors. He holds membership of Supreme Court Bar Association and Pakistan Bar Council and is also a fellow of the "Cambridge Commonwealth Society". Mr. Ahmad 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. Mr. Ahmad is an LL.M graduate from Cambridge University, UK and LL.B from University of the Punjab, Lahore.

BOARD OF DIRECTORS

**MR. MOHAMMAD AAMIR QAWI**

Director

Mr. Mohammad Aamir Qawi has worked in the areas of public private partnerships, development of regulatory frameworks, SOE restructuring, private sector and infrastructure development and privatization for over two decades. He has worked with Federal and Provincial Governments on a diverse portfolio covering a range of projects. His last assignment in the public sector was as CEO of Infrastructure Project Development Facility (IPDF). Mr. Aamir Qawi has also consulted with international development organizations like The World Bank, JICA, UNICEF and ILO. He has worked and undertaken public private partnerships and infrastructure development related assignments in Afghanistan, Jordan, Mauritius and Nigeria. He has also served on the Board of Directors of various companies in the energy and infrastructure sectors in Pakistan including National Transmission & Dispatch Company, GENCO Holding Company and Pakistan LNG Terminal Limited Company. Mr. Qawi has a Bachelor of Science in Economics, Computer Science & Philosophy (Minors) from Iowa State University - USA and Master of Business Administration from Southern Illinois University - USA.

MR. MOHAMMAD JALAL SIKANDAR SULTAN

Director

Mr. Mohammad Jalal Sikandar Sultan has been educated in the most prestigious institutions of the country. He did his FSC from Cadet College Hassan Abdal and then went on to graduate from King Edward Medical College Lahore with a degree in medicine. He got inducted into the civil services (DMG/PAS) through FPSC in 1987 and belongs to the 15th Common. He was first posted as Assistant Commissioner, Islamabad in 1989. He further went on to serve on many key positions such as Deputy Commissioner, Islamabad, Director General Excise and Taxation Punjab and was secretary of Communications & Work, Services and General Administration and Local Government in Punjab. He introduced various reforms for the benefits of the general public while serving as Director General Immigration and Passport and earned much praise for his efforts to curb corruption and ensure good governance in Gilgit Baltistan as Chief Secretary. He is known for his role in holding peaceful, free and fair elections in AJK while serving there as Chief Secretary in 2016.

He joined the Ministry of Petroleum and Natural Resources on 18th of April 2017 as Secretary. He sits on the boards of the Sui Northern Gas Pipelines Limited (SNGPL), Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Pak-Arab Refinery Limited (PARCO).

MR. MOHAMMAD JEHAZEB KHAN

Director

Mr. Mohammad Jehanzeb Khan is the Chairman of Planning and Development Board (P&D), Government of Punjab (GoPb). He is responsible for overall planning, and monitoring and evaluation of development programmes in Punjab, the largest province of Pakistan. He is also the Additional Chief Secretary Energy, the senior most official responsible for all energy projects being developed in the province. He works closely with the country's top elected leaders including the Chief Minister of Punjab and a number of Federal Ministers. Prior to this position, he served as Secretary Finance, GoPb.

As Chairman of P&D Board, Mr. Khan heads the principal planning organization at the provincial level. Under his leadership, provincial departments prepare, coordinate, implement and monitor a Medium Term Development Framework/ Programme. P&D is the main actor in the growth of the economic potential of the province. It serves as the key advisory board to the provincial government in economic policy and planning.

Mr. Khan has seven years of progressive experience as the team leader of district administration overseeing the full range of public services in a territorial jurisdiction; six years practice of public finance and economic management, project cycle management and social development; and five years of economic diplomacy/ commercial representation, business development and investment promotion. He is particularly focused on reforms in corporate governance of public sector enterprises and change management. He represents the Government at several high level panels, boards and commissions. He has extensively worked with multilateral and bilateral development partners.

Mr. Khan holds a M.B.B.S. from the University of Peshawar, Pakistan and an M.B.A. (Public Service) from the University of Birmingham, U.K. with a special concentration in public private partnerships and public sector organizational reforms. He has a Fellowship in Sustainable Development.



MR. MUSTAFA AHMAD KHAN
Director

Mr. Mustafa A. Khan has diversified experience of over 36 years in the gas industry. He has served at senior positions in Sui Northern Gas Pipelines Limited and carved a niche for himself as an expert in matters pertaining to Sales, Procurement, Law and Human Resource etc.

Mr. Khan is a Masters in Business Administration from IBA, Karachi and is presently managing a 1,000 Acres family farm in District Mirpur Khas, Sindh.



MR. NAVEED KAMRAN BALOCH
Director

Mr. Naveed Kamran Baloch is an officer of Federal Government in BS-21, presently posted as Chairman, State Life Insurance Corporation of Pakistan. Prior to present posting in State Life he has held the position of Secretary Finance, Secretary Food and Secretary Information and Principal Secretary to Chief Minister Sindh, besides remained posted on leading Administrative & Financial positions in Federal, Provincial Government and Public Sector Enterprises.

Mr. Naveed Kamran Baloch joined Civil Services in 1985, he has vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration, Financial, Judicial, Health, Insurance and Planning etc. He has extensively attended local and international professional training courses, workshops, seminars and conferences.

Mr. Naveed Kamran Baloch has attained a Degree of M.Sc. in Social Policy and Planning in Developing Countries from London School of Economics, U.K. He is also a certified Director from Pakistan Institute of Corporate Governance.



QAZI MOHAMMAD SALEEM SIDDIQUI
Director

Engr. Qazi Mohammad Saleem Siddiqui Graduated from Mehran University of Engineering and Technology, Jamshoro with a degree in Mechanical Engineering. He also hold certificates in International Petroleum Management from Canadian Petroleum Institute, Canada, Negotiating Upstream Oil & Gas Contracts from CWC School for Energy Studies, London and Inspirational Leadership and Creativity from London Management Centre, London.

He was associated with the sugar industry for about five years before joining government service in November 1990. Since then, he has held various positions in the Ministry of Energy (Petroleum Division), including Assistant Director (LPG), Deputy Director (Concessions), Director (Technical), Director General (Petroleum Concessions), Director General (Special Projects/Administration) leading to his current post as Director General (Gas). He has vast experience of over 31 years of Exploration and Production industry as well as downstream sector in Pakistan. He has attended many courses/seminars/trainings abroad as well as locally. He has played a significant role in formulation of Petroleum Policy 2007, Petroleum Policy 2009 & Petroleum Policy 2012 and Petroleum Exploration & Production Rules 2013.

Mr. Siddiqui is also Director on the boards of Mari Petroleum Company Limited and Sui Southern Gas Company Limited. He has also served as Director on the Boards of Pakistan Petroleum Limited and Sui Northern Gas Pipelines Limited. He is also member of Board of Governors of SAARC & Hydrocarbon Development Institute of Pakistan respectively. While representing Pakistan as GB member, he has been elected as Chairperson of Governing Board of SAARC Energy Centre during its 11th meeting held on 27-28 September 2016.

BOARD OF DIRECTORS



MR. SAJJAD HUSSAIN
Director

Mr. Sajjad Hussain is a seasoned banker with more than 38 years of experience in the banking sector. He has served in various senior positions in an international bank across the globe, including in the Middle East, Europe, North America and South America. He retired as Senior Executive Vice President (SEVP) of The Bank of Punjab, Pakistan.

MR. SHAHID MAHMOOD
Director

Mr. Shahid Mahmood, an officer of the Pakistan Administrative Service, joined the Civil Service of Pakistan in 1984 and over the course of his career, has held various Secretariat, Field and Staff assignments. In the Secretariat of Government of the Punjab, he held assignments of Secretary Planning & Development, Secretary Mines and Minerals, Secretary Tourism & Resort Development, and Special Secretary, Finance Department. He has held field assignments including Deputy Commissioner, Sialkot (1998-2000) and Chief Commissioner, Islamabad (2009-10), Director General, Lahore Development Authority (2008-09) and Commercial Counselor, Embassy of Pakistan, Beijing, China (2002-06). The Staff jobs held by him include; Principal Secretary to the Chief Minister, Punjab (2013), Additional Secretary (External Finance)/Special Assistant to Finance Minister, Government of Pakistan (2013-15). He was Special Secretary Finance Division and held additional charge of Secretary, Privatization Division/Commission before assigning responsibilities as Secretary to the Government of Pakistan, Finance Division, Islamabad.

His work experience with International Agencies includes:

- Senior Advisor to the Executive Director in the International Monetary Fund, Washington DC, representing Pakistan on the IMF Executive Board.
- Chief Negotiator for Pakistan in the establishment of the Asian Infrastructure Investment Bank (AIIB).

He holds Master's degree in English Literature from Government College, Lahore (1982), and Bachelor's degree in Economics & Statistics from the same institution. He has attended IMF Course on 'Financial Programming and Policy' held at IMF Institute, Washington DC, USA (2001) and IMF Regional Course on "Macro Economic Impact on the Budget" held at LUMS, Lahore (2001).

MR. SAGHIR-UL-HASSAN KHAN
Chief Financial Officer

Mr. Khan took over the charge of Chief Financial Officer on April 19, 2016. Before this he has served as Senior General Manager (Audit), General Manager (Accounts) and General Manager (Billing).

He has over 37 years of experience including 27 years post qualification experience at various senior positions in pharmaceuticals, food and confectionery manufacturing public and private sector organisations.

Mr. Khan is a fellow member of the Institute of Cost and Management Accountants (ICMA) of Pakistan and National Council Member (2015-17), Honorary Treasurer, Chairman Members' Welfare, Social Welfare and Career Development & Students Affairs Committee and Member Education and Examination Committees of ICMA Pakistan.

He is also a Member of South Asian Federation of Accountants (SAFA) Committee on Professional Ethics and Independence.



MISS WAJIHA ANWAR
Company Secretary

Miss Wajiha Anwar has been working as Company Secretary for last five years. She has vast professional experience in the field of corporate / commercial and banking laws. She has been Legal Advisor, National Bank of Pakistan (NBP) and Legal Counsel, Corporate & Industrial Restructuring Corporation of Pakistan (CIRC), Ministry of Finance, Government of Pakistan. She has a Bachelor of Laws (LL.B.) degree as well as a Masters in English Literature (M.A.) degree from the University of the Punjab. She has to her credit success in competitive exam of the Central Superior Services (CSS) of Pakistan.



CORPORATE GOVERNANCE

Good business is all about good corporate governance. This is the main philosophy based on which the Company's business has been successfully operated since 1964. The prime objective of the Company is to protect the interest of all stakeholders through fair, ethical and transparent business practices. The Board has ensured compliance to Code of Corporate Governance by adopting transparent procedures and methodologies which are constantly being monitored and reviewed through better internal controls. The Company also ensures compliance to the Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange Limited and Financial Reporting Framework of Securities and Exchange Commission of Pakistan.

The Board of Directors provides strategic guidance for sustainable growth alongwith effective management oversight in respect of comprehensive corporate governance. All periodic financial statements and working papers for consideration of the Board and its sub-committees are circulated to the Directors well before the meetings (i.e. at least seven days before the meeting) except in case of an emergent meeting, in order to give sufficient time for informed and prudent decision making. The minutes of the meetings are circulated within fourteen days from the date of meetings, after due clarification from respective Chairman of the Board and its sub-committees.

BOARD OF DIRECTORS

An Extraordinary General Meeting of the Company was held on June 21, 2017 for election of Directors for a term of three years commencing June 26, 2017 wherein thirteen directors were elected unopposed.

All Directors have wide range of experience in different professions to strengthen the policy and decision-making process of the Company. In line with Public Sector Companies (Corporate Governance) Rules, 2013, the positions of Chairman and Chief Executive Officer are kept separate. The Chairman of the Board and Audit Committee are also Independent/Non-Executive Directors. 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.

In view of the above, the Board has formed five sub-committees viz Audit, Finance and Procurement, Human Resource and Nomination, Risk Management and Un-accounted for Gas (UFG) Control, 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.

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

				FY 2016-17	
Sr. #	Name	Designation	Category	*Total No. of Meetings	No. of Meetings Attended
1	Mr. Muhammad Saeed Mehdi	Chairman	Independent / Non-Executive	17	17
2	Mr. Amjad Latif	MD / CEO	Executive	17	16
3	Mr. Ahmad Aqeel	Director	Independent / Non-Executive	17	17
4	Mr. Arshad Mirza	Director	Non-Executive	12	10
5	Mr. Furqan Bahadur Khan	Director	Non-Executive	14	12
6	Mirza Mahmood Ahmad	Director	Non-Executive	17	17
7	Mr. Manzoor Ahmed	Director	Independent / Non-Executive	17	15
8	Mian Misbah-ur-Rehman	Director	Non-Executive	17	17
9	Mr. Mohammad Aamir Qawi	Director	Independent / Non-Executive	5	5
10	Mr. Mohammad Jalal Sikandar Sultan	Director	Non-Executive	5	5
11	Mr. Muhammad Arif Habib	Director	Non-Executive	3	2
12	Mr. Mustafa Ahmad Khan	Director	Independent / Non-Executive	17	17
13	Ms. Nargis Ghaloo	Director	Non-Executive	1	1
14	Mr. Nauman Wazir	Director	Independent / Non-Executive	17	8
15	Mr. Naveed Kamran Baloch	Director	Non-Executive	5	5
16	Mr. Raza Mansha	Director	Non-Executive	17	8
17	Mr. Rizwanullah Khan	Director	Independent / Non-Executive	6	0
18	Mr. Shahid Yousaf	Director	Non-Executive	17	16
19	Mr. Shoaib Mir	Director	Non-Executive	10	8

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

CORPORATE GOVERNANCE

AUDIT COMMITTEE
OF THE BOARD

The procedure alongwith responsibilities / functions of the Audit Committee would be as follows:

Number of Members: 07

PROCEDURE:

1. The Committee shall meet at least once in a 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.
4. The Chief Financial Officer, the Chief Internal Auditor, and a representative of the external auditors shall attend all meetings of the Audit Committee at which issues relating to accounts and audit are discussed.
5. At least once in year, the Audit Committee shall meet the external auditors without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives being present, to ensure independent communication between the external auditors and the Audit Committee.
6. At least once a year, the Audit Committee shall meet Chief Internal Auditor and other members of the internal audit function without the Chief Financial Officer and the external auditors being present.

RESPONSIBILITIES:

The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the 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 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. However, the Board shall not be deemed to absolve itself of its overall responsibility for the functions delegated to the Audit Committee. The Audit Committee shall have full and explicit authority to investigate any matter within its terms of reference and shall be provided with adequate resources and access to all relevant information.

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

1. a) determination of appropriate measures to safeguard the Company's assets;
- b) review of financial results;



- 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 judgment 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 co-ordination 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;

AUDIT COMMITTEE

- j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- k) recommending or approving the hiring or removal of the chief internal auditor;
- l) 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;
- m) determination of compliance with relevant statutory requirements;
- n) monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof;
- o) overseeing whistle-blowing policy and protection mechanism;
- p) consideration of any other issue or matter as may be assigned by the Board of Directors; and
- q) The Audit Committee shall also ensure that the external auditors do not perform Management functions or make Management decisions, responsibility for which remains with the Board and Management of the Public Sector Company.
2. The Audit Committee shall be responsible for managing the relationship of the Company with the external auditors. In managing the Company's relationship with the external auditors on behalf of the Board, the Audit Committee's responsibilities include:
- a) suggesting the appointment of the external auditor to the Board, the audit fee, and any questions of resignation or dismissal;
- b) considering the objectives and scope of any non-financial audit or consultancy work proposed to be undertaken by the external auditors, and reviewing the remuneration for this work;
- c) discussing with the external auditors before the audit commences the scope of the audit and the extent of reliance on internal audit and other review agencies;
- d) discussing with the external auditors any significant issues from the review of the financial statements by the Management, and any other work undertaken or overseen by the Audit Committee;
- e) reviewing and considering the external auditors' communication with Management and Management's response thereto; and
- f) reviewing progress on accepted recommendations from the external auditors.
3. The recommendations of the Audit Committee for appointment of retiring auditors or otherwise, as mentioned in sub-rule 2 above, shall be included in the Directors' Report. In case of a recommendation for change of external auditors before the lapse of three consecutive financial years, the reasons for the same shall be included in the Directors' Report.

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

Audit Committee Meetings

Sr. #	Name	Designation	Category	FY 2016-17	
				*Total No. of Meetings	No. of Meetings Attended
1	Mr. Manzoor Ahmed	Chairman	Independent / Non-Executive	7	7
2	Mr. Ahmad Aqeel	Member	Independent / Non-Executive	7	7
3	Mr. Furqan Bahadur Khan	Member	Non-Executive	6	4
4	Mr. Muhammad Arif Habib	Member	Non-Executive	1	1
5	Mr. Mustafa Ahmad Khan	Member	Independent / Non-Executive	6	6
6	Ms. Nargis Ghaloo	Member	Non-Executive	1	1
7	Mr. Nauman Wazir	Member	Independent / Non-Executive	7	1
8	Mr. Naveed Kamran Baloch	Member	Non-Executive	2	2
9	Mr. Raza Mansha	Member	Non-Executive	7	3
10	Mr. Rizwanullah Khan	Member	Independent / Non-Executive	3	0
11	Mr. Shoaib Mir	Member	Non-Executive	4	4
12	Mirza Mahmood Ahmad	Co-opted	Non-Executive	5	5

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

CORPORATE GOVERNANCE

FINANCE AND PROCUREMENT COMMITTEE

OF THE BOARD

The procedure along with responsibilities / functions of the Finance and Procurement Committee would be as follows:

Number of Members: 07

PROCEDURE:

1. The Committee shall meet as frequently as required.
2. Quorum will be three members.
3. The Secretary of the Finance and Procurement 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 and Procurement Committee of Directors shall inter alia be responsible:

- a) To review strategic business / investment proposals, policies prepared in pursuit of the corporate purpose of the Company by the Management and make recommendations to the Board for approval;
- b) To review contracts of strategic nature that may have a material impact on the Company's capital position and business and make recommendations to the Board for approval;
- c) To ensure Board is aware of the matters which may significantly impact the financial condition or affairs of the business;
- d) To examine the Capital and Revenue Budget of the

Company and to make recommendations to the Board of Directors, thereon;

- e) To examine the Budgetary and Operating limits of authority and recommend to the Board any deviation or any enhancement thereof;
- f) To accord approval to contracts or purchase orders in local or foreign currency for supply of material, services or other works exceeding the financial authority delegated to the Managing Director;
- g) To review the contracts or purchase orders exceeding the financial authority of the Finance and Procurement Committee of Directors and make recommendations to the Board for approval;
- h) To approve/recommend major contracts of civil works along with cost benefit analysis thereof which also include purchase of land;
- i) To lay down time limits/ parameters in respect of procurement of various materials and services;
- j) To review the borrowing plans of the Company by assessing the requirements thereof and make recommendations to the Board for approval;
- k) Any other matter entrusted by the Board of Directors; and
- l) Where there is a perceived overlap of responsibilities between the Finance and Procurement Committee, the Risk Management Committee and the Audit Committee, the respective Committee Chairmen shall have the discretion to agree the most appropriate Committee to fulfill any obligation.

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

Finance and Procurement Committee Meetings

Sr. #	Name	Designation	Category	FY 2016-17	
				*Total No. of Meetings	No. of Meetings Attended
1	Mirza Mahmood Ahmad	Chairman	Non-Executive	12	12
2	Mr. Amjad Latif	MD / CEO	Executive	12	11
3	Mr. Ahmad Aqeel	Member	Independent / Non-Executive	12	12
4	Mr. Arshad Mirza	Member	Non-Executive	9	8
5	Mian Misbah-ur-Rehman	Member	Non-Executive	12	12
6	Mr. Mohammad Aamir Qawi	Member	Independent / Non-Executive	2	2
7	Mr. Mohammad Jalal Sikandar Sultan	Member	Non-Executive	3	2
8	Mr. Mustafa Ahmad Khan	Member	Independent / Non-Executive	12	12
9	Ms. Nargis Ghaloo	Member	Non-Executive	1	1
10	Mr. Shoaib Mir	Member	Non-Executive	7	5
11	Mr. Manzoor Ahmed	Co-opted	Independent / Non-Executive	9	9

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

CORPORATE GOVERNANCE

HUMAN RESOURCE AND NOMINATION COMMITTEE

OF THE BOARD

The procedures along with responsibilities and functions of the Human Resource and Nomination Committee would be as follows:

Number of Members: 08

PROCEDURE:

1. Committee will meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Human Resource and Nomination 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) a sound plan of organization for the Company;
- b) an effective employees development programme; and
- c) 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:

a) 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; and
- 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; and
- training and development plans.

c) Compensation and Benefits:

- review data of competitive compensation practices and review and evaluate policies and programmes through which the Company compensates its employees; and
- review salary ranges, salaries and other compensation for Managing Director and Senior Management / Executive Directors reporting to the Managing Director.

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

Human Resource and Nomination Committee Meetings

Sr. #	Name	Designation	Category	FY 2016-17	
				Total No. of Meetings*	No. of Meetings Attended
1	Mr. Muhammad Saeed Mehdi	Chairman	Independent / Non-Executive	9	9
2	Mr. Amjad Latif	MD / CEO	Executive	9	9
3	Mr. Ahmad Aqeel	Member	Independent / Non-Executive	9	9
4	Mirza Mahmood Ahmad	Member	Non-Executive	9	9
5	Mr. Manzoor Ahmed	Member	Independent / Non-Executive	9	9
6	Mr. Nauman Wazir	Member	Independent / Non-Executive	9	1
7	Mr. Raza Mansha	Member	Non-Executive	9	1
8	Mr. Shahid Yousaf	Member	Non-Executive	9	9
9	Mian Misbah-ur-Rehman	Co-opted	Non-Executive	8	8
10	Mr. Mohammad Jalal Sikandar	Co-opted	Non-Executive	2	2
11	Mr. Mustafa Ahmad Khan	Co-opted	Independent / Non-Executive	9	9

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

CORPORATE GOVERNANCE

RISK MANAGEMENT COMMITTEE

OF THE BOARD

The procedure alongwith responsibilities / functions of the Risk Management Committee would be as follows:

Number of Members: 07

PROCEDURE:

1. The Committee shall meet at least once in a quarter.
2. Quorum will be three members.
3. The Secretary of the Risk Management 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 Risk Management Committee of Directors shall inter alia be responsible:

- a) To review and approve the identification of Strategic; Compliance; Operational and Financial Risks (Principal Risks) to the Company by the Management;
- b) To review and approve the strategy devised by the Management to mitigate the Principal Risks;
- c) To review and approve the procedures laid down by the Management about risk assessment;
- d) To review the Company's capability to identify and manage current and new Principal Risk Categories;
- e) To oversee and advise the Board on the current risk exposures of the Company within and outside the Principal Risk Categories and advise on the Company's future risk strategy;
- f) To consider reports on the nature and extent of the risks being faced by the Company, likelihood of their recurrence and their individual and cumulative impact on the Company's key performance matrix;
- g) To assess whether the Company's current exposure to the risks it faces is acceptable and, if not, the ability to reduce such exposure by reference to risk treatment and mitigation options;
- h) To identify internal and external risk trends and concentrations;
- i) To review and approve the statements included in the Company's Annual Report and Accounts in relation to the Company's "Principal risks and uncertainties" and the internal controls and assurance in place within the Company for the identification and management of risk;
- j) To advise the Board on the Company's overall risk appetite and tolerance/resilience within and outside Principal Risk Categories, taking account of the current and prospective macro-economic, financial, political, business and sector environments;
- k) Any other matter entrusted by the Board of Directors; and
- l) Where there is a perceived overlap of responsibilities between the Finance and Procurement Committee, the Risk Management Committee and the Audit Committee, the respective Committee Chairmen shall have the discretion to agree the most appropriate Committee to fulfill any obligation.

The composition of the Risk Management Committee, category, detail of meetings and Directors' attendance are given below:

Risk Management Committee Meetings

Sr. #	Name	Designation	Category	FY 2016-17	
				*Total No. of Meetings	No. of Meetings Attended
1	Mr. Ahmad Aqeel	Chairman	Independent / Non-Executive	6	6
2	Mr. Arshad Mirza	Member	Non-Executive	5	4
3	Mirza Mahmood Ahmad	Member	Non-Executive	6	6
4	Mr. Manzoor Ahmed	Member	Independent / Non-Executive	6	6
5	Mr. Mohammad Aamir Qawi	Member	Independent / Non-Executive	1	1
6	Mr. Mohammad Jalal Sikandar Sultan	Member	Non-Executive	1	1
7	Mr. Mustafa Ahmad Khan	Member	Independent / Non-Executive	6	6
8	Mr. Raza Mansha	Member	Non-Executive	6	3
9	Mr. Rizwanullah Khan	Member	Independent / Non-Executive	2	0
10	Mian Misbah-ur-Rehman	Co-opted	Non-Executive	2	2
11	Mr. Naveed Kamran Baloch	Co-opted	Non-Executive	1	1
12	Mr. Shoaib Mir	Co-opted	Non-Executive	3	3

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

CORPORATE GOVERNANCE

UN-ACCOUNTED FOR GAS CONTROL COMMITTEE

OF THE BOARD



The procedure along with responsibilities of the Unaccounted for Gas (UFG) Control Committee of Directors would be as follows:

Number of Members: 07

PROCEDURE:

1. The Committee shall meet at least once in a quarter/or as otherwise directed by the Board.
2. Quorum will be three members.
3. The Secretary of the UFG Control 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 Control Committee of Directors shall review strategic UFG issues as assigned by the Board of Directors and shall, inter alia,

- a) Review the Management's plan to minimize the UFG losses on periodic basis and present the same to the Board for approval along with its recommendations;
- b) Monitor the performance of Management in reduction of UFG;
- c) Review status of UFG of the Company;
- d) Recommend Company's position vis a vis Government and the Authority regarding different issues;
- e) Recommend incentive schemes, policies etc. for reduction of UFG; and
- f) Review strategic issues pertaining UFG.

The composition of the Un-accounted for Gas Control Committee, detail of meetings and directors' attendance are given below:

UFG Control Committee Meetings

Sr. #	Name	Designation	Category	FY 2016-17	
				*Total No. of Meetings	No. of Meetings Attended
1	Mr. Muhammad Saeed Mehdi	Chairman	Independent / Non-Executive	3	3
2	Mr. Ahmad Aqeel	Member	Independent / Non-Executive	5	5
3	Mirza Mahmood Ahmad	Member	Non-Executive	5	5
4	Mian Misbah-ur-Rehman	Member	Non-Executive	1	1
5	Mr. Muhammad Arif Habib	Member	Non-Executive	2	2
6	Mr. Mustafa Ahmad Khan	Member	Independent / Non-Executive	5	5
7	Mr. Nauman Wazir	Member	Independent / Non-Executive	5	2
8	Mr. Shahid Yousaf	Member	Non-Executive	5	4
9	Mr. Shoaib Mir	Member	Non-Executive	4	4

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

STATEMENT OF COMPLIANCE

WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013
AND CODE OF CORPORATE GOVERNANCE-2012

SCHEDULE I

Name of Company: **Sui Northern Gas Pipelines Limited**
Name of the line Ministry: **Ministry of Energy (Petroleum Division)**
Year Ended: **June 30, 2017**

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance as well as Code of Corporate Governance (CCG) contained in Rule 15.19 of the Rule Book of the Pakistan Stock Exchange Limited.
- II. The Company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks																																																												
			Tick the Relevant Box																																																														
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																																																														
2.	<p>*The Board has the requisite percentage of independent directors. At present the board includes:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Name</th> <th>**Category</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr><td>1.</td><td>Mr. Muhammad Saeed Mehdi</td><td>Independent/Non-Executive</td><td>26.06.2017</td></tr> <tr><td>2.</td><td>Mr. Amjad Latif</td><td>Executive</td><td>07.03.2016</td></tr> <tr><td>3.</td><td>Mr. Shahid Mahmood</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>4.</td><td>Mr. Mohammad Jalal Sikandar Sultan</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>5.</td><td>Mr. Ahmad Aqeel</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>6.</td><td>Mirza Mahmood Ahmad</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>7.</td><td>Mr. Manzoor Ahmed</td><td>Independent/Non-Executive</td><td>26.06.2017</td></tr> <tr><td>8.</td><td>Mian Misbah-ur-Rehman</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>9.</td><td>Mr. Mohammad Amir Qawi</td><td>Independent/Non-Executive</td><td>26.06.2017</td></tr> <tr><td>10.</td><td>Mr. Mohammad Jehanzab Khan</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>11.</td><td>Qazi Mohammad Saleem Siddiqui</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>12.</td><td>Mr. Mustafa Ahmad Khan</td><td>Independent/Non-Executive</td><td>26.06.2017</td></tr> <tr><td>13.</td><td>Mr. Naveed Kamran Baloch</td><td>Non-Executive</td><td>26.06.2017</td></tr> <tr><td>14.</td><td>Mr. Sajjad Hussain</td><td>Independent/Non-Executive</td><td>26.06.2017</td></tr> </tbody> </table> <p>*The Election of Directors was held on June 21, 2017. The number of elected directors on the Board is thirteen (13) whereas the Managing Director is a "deemed director" under section 188(3) of the Companies Act, 2017.</p> <p>**"Independent Director", "Non-Executive Director" and "Executive Director" as defined in Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance, 2012.</p>	Sr. No.	Name	**Category	Date of appointment	1.	Mr. Muhammad Saeed Mehdi	Independent/Non-Executive	26.06.2017	2.	Mr. Amjad Latif	Executive	07.03.2016	3.	Mr. Shahid Mahmood	Non-Executive	26.06.2017	4.	Mr. Mohammad Jalal Sikandar Sultan	Non-Executive	26.06.2017	5.	Mr. Ahmad Aqeel	Non-Executive	26.06.2017	6.	Mirza Mahmood Ahmad	Non-Executive	26.06.2017	7.	Mr. Manzoor Ahmed	Independent/Non-Executive	26.06.2017	8.	Mian Misbah-ur-Rehman	Non-Executive	26.06.2017	9.	Mr. Mohammad Amir Qawi	Independent/Non-Executive	26.06.2017	10.	Mr. Mohammad Jehanzab Khan	Non-Executive	26.06.2017	11.	Qazi Mohammad Saleem Siddiqui	Non-Executive	26.06.2017	12.	Mr. Mustafa Ahmad Khan	Independent/Non-Executive	26.06.2017	13.	Mr. Naveed Kamran Baloch	Non-Executive	26.06.2017	14.	Mr. Sajjad Hussain	Independent/Non-Executive	26.06.2017	3(2)	✓		The nominations on the Board of Directors are made by the major shareholders of the Company.
Sr. No.	Name	**Category	Date of appointment																																																														
1.	Mr. Muhammad Saeed Mehdi	Independent/Non-Executive	26.06.2017																																																														
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3.	A casual vacancy occurring on the board was filled up by the directors within ninety days.	3(4)	✓		During the year Mr. Shoaib Mir, Mr. Furqan Bahadur Khan, Mr. Mohammad Amir Qawi and Mr. Mohammad Jalal Sikandar Sultan were appointed as Directors in place of Ms. Nargis Ghaloo, Mr. Muhammad Arif Habib, Mr. Rizwanullah Khan and Mr. Arshad Mirza respectively. Subsequently, Mr. Shoaib Mir resigned from the directorship of the Company and Mr. Naveed Kamran Baloch was appointed as Director in his place. All casual vacancies occurred were filled within ninety days.																																																												
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓		Mr. Naveed Kamran Baloch and Mr. Mohammad Jehanzab Khan hold Directorship of more than five listed companies. However, SECP has given dispensation in this regard.																																																												
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Companies Act, 2017.	3(6)	✓		The nominations on the Board of Directors are made by the major shareholders of the Company.																																																												
6.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	✓																																																														
7.	The chairman has been elected from amongst the independent Directors.	4(4)	✓																																																														

STATEMENT OF COMPLIANCE

Sr. No.	Provision of the Rules	Rule No.	Tick the Relevant Box		Remarks
			Y	N	
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓		
9	(a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website: www.sngpl.com.pk (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓	✓	
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓		
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	✓		
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigate deviations from the Company's code of conduct.	5(5)(c)(ii)	✓	✓	
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules.	5(5)(c)(iii)	✓		
15.	The board has developed a vision or mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	✓		
16.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		Not Applicable
17.	(a) The board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓		
18.	The performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment. The board has also monitored and assessed the performance of senior management on annual basis.	8	✓ ✓		The new board was elected on June 21, 2017 for three years commencing from June 26, 2017. The Company is in the process of evolving modus operandi to ensure compliance under the new rule as amended vide SRO No. 275(I)/2017 dated April 21, 2017. The compliance of the same will be ensured in the financial year ended on June 30, 2018. However, the Company as per the earlier rule, has ensured compliance by performing its duty to carry out the performance evaluation of its Board Members from Pakistan Institute of Corporate Governance (PICG).
19.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
20.	The board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the Company's website.	10	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks																																				
			Tick the Relevant Box																																						
21.	All the board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓																																						
22.	<p>a) The board has formed the requisite committees, as specified in the Rules.</p> <p>b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>c) The minutes of the meetings of the committees were circulated to all the board members.</p> <p>d) The committees were chaired by the following non-executive directors;</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chairman</th> </tr> </thead> <tbody> <tr> <td>1. Audit Committee</td> <td>7</td> <td>Mr. Manzoor Ahmed</td> </tr> <tr> <td>2. Human Resource and Nomination Committee</td> <td>8</td> <td>Mr. Muhammad Saeed Mehdi</td> </tr> <tr> <td>3. Finance and Procurement Committee</td> <td>7</td> <td>Mirza Mahmood Ahmad</td> </tr> <tr> <td>4. UFG Control Committee</td> <td>7</td> <td>Mr. Muhammad Saeed Mehdi</td> </tr> <tr> <td>5. Risk Management Committee</td> <td>7</td> <td>Mr. Ahmad Aqeel</td> </tr> </tbody> </table> <p>• The Board Committees have requisite proportionate strength of independent directors.</p> <p>The new Board was elected on 21.06.2017 and following committees were re-constituted by the new Board of Directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chairman</th> </tr> </thead> <tbody> <tr> <td>1. Audit Committee</td> <td>8</td> <td>Mr. Manzoor Ahmed</td> </tr> <tr> <td>2. Human Resource and Nomination Committee</td> <td>9</td> <td>Mr. Muhammad Saeed Mehdi</td> </tr> <tr> <td>3. Finance and Procurement Committee</td> <td>8</td> <td>Mirza Mahmood Ahmad</td> </tr> <tr> <td>4. UFG Control Committee</td> <td>8</td> <td>Qazi Muhammad Saleem Siddiqui</td> </tr> <tr> <td>5. Risk Management Committee</td> <td>8</td> <td>Mr. Ahmad Aqeel</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chairman	1. Audit Committee	7	Mr. Manzoor Ahmed	2. Human Resource and Nomination Committee	8	Mr. Muhammad Saeed Mehdi	3. Finance and Procurement Committee	7	Mirza Mahmood Ahmad	4. UFG Control Committee	7	Mr. Muhammad Saeed Mehdi	5. Risk Management Committee	7	Mr. Ahmad Aqeel	Committee	Number of Members	Name of Chairman	1. Audit Committee	8	Mr. Manzoor Ahmed	2. Human Resource and Nomination Committee	9	Mr. Muhammad Saeed Mehdi	3. Finance and Procurement Committee	8	Mirza Mahmood Ahmad	4. UFG Control Committee	8	Qazi Muhammad Saleem Siddiqui	5. Risk Management Committee	8	Mr. Ahmad Aqeel	12(1)	✓		
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		12(2)	✓																																						
23.	The board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓																																						
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (1) of sub-section (3) of section 234 of the Companies Ordinance, 1984.	16	✓																																						
25.	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓																																						
26.	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.	18	✓																																						
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the Company contains criteria and details of remuneration of each director.	19	✓																																						
28.	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20	✓																																						
29.	The board has formed an audit committee, with defined and written terms of reference, and having the following members:	21	✓																																						
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STATEMENT OF COMPLIANCE

Sr. No.	Provision of the Rules	Rule No.	Y N		Remarks																											
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30.	The board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.	22	✓																													
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓																													
32.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓																													
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓																													
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.		✓																													

ADDITIONAL DISCLOSURES AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE, 2012 (CCG):

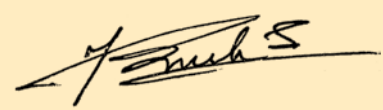
- All the Directors of the Company are resident and registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board/ shareholders.
- The Company is complying with the Code of Corporate Governance regarding Directors Training Program.
- The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final

results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

- The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose.
- The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, employees and stock exchange.
- Material/price sensitive information has been disseminated amongst all market participants at once through stock exchange.
- We confirm that all other material principles enshrined in the CCG have been complied with.



(AMJAD LATIF)
Managing Director/CEO



(MUHAMMAD SAEED MEHDI)
Chairman

EXTRAORDINARY GENERAL MEETING



An extraordinary general meeting of the Company was held on June 21, 2017 for election of Directors for a term of three years commencing June 26, 2017 and following thirteen directors were elected unopposed:

- | | |
|--------------------------------------|---------------------------------|
| ● Mr. Muhammad Saeed Mehdi | ● Mr. Mohammad Aamir Qawi |
| ● Mr. Shahid Mahmood | ● Mr. Mohammad Jehanzab Khan |
| ● Mr. Mohammad Jalal Sikandar Sultan | ● Mr. Mustafa Ahmad Khan |
| ● Mr. Ahmad Aqeel | ● Mr. Naveed Kamran Baloch |
| ● Mirza Mahmood Ahmad | ● Qazi Mohammad Saleem Siddiqui |
| ● Mr. Manzoor Ahmed | ● Mr. Sajjad Hussain |
| ● Mian Misbah-ur-Rehman | |

The first meeting of the newly elected Board of Directors was held on July 1, 2017 wherein Mr. Muhammad Saeed Mehdi was elected as Chairman of the Board of Directors.



NOTICE OF 53RD ANNUAL GENERAL MEETING



Notice is hereby given that the 53rd Annual General Meeting of the Company will be held at Khorshed Mahal Hall, Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore at 11:00 A.M. on Monday, November 27, 2017 for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extraordinary General Meeting held on June 21, 2017.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 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 Rs 6.00 per share of Rs 10.00 each i.e. 60% for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint External Auditors for the year ending June 30, 2018 and to fix their remuneration. The retiring Auditors being eligible for re-appointment for the year ending June 30, 2018, have offered themselves for re-appointment.
5. To transact any other ordinary business of the Company with the permission of the Chairman.

The share transfer books of the Company will remain closed from Tuesday, November 21, 2017 to Monday, November 27, 2017 (both days inclusive). The members whose names appear in the register of members as at the close of business on Monday, November 20, 2017 will qualify for the payment of dividend.

By order of the Board

(WAJIHA ANWAR)

Company Secretary

Lahore.

October 27, 2017

NOTES:

1. Participation in Annual General Meeting:

- i) All members, entitled to attend and vote at the general meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A legal entity, being a member, may appoint any person, regardless whether they are member or not, as proxy. In case of legal entities, a resolution of the Board of Directors' / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the legal entity, shall be submitted to the Company. The proxy holders are required to produce their original CNIC or original Passport at the time of the meeting.
- ii) The proxy instrument must be completed in all respects and in order to be effective should be deposited at the Registered Office of the Company but not later than 48 hours before the time of holding the meeting.
- iii) If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.

Further guidelines for CDC Account Holders:

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 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 Computerized National



Identity Card (CNIC) or original Passport at the time of attending the meeting.

- ii) In case of legal 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

- 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 submit the proxy form as per the requirements mentioned below.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v) In case of a legal 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.

2. Submission of copy of CNIC/NTN Certificate (Mandatory):

Please provide valid copy of CNIC/NTN to our Shares Registrar, in case of physical shareholders and in case of CDC account to its Participant/Investor Account Services.

3. Deduction of Income Tax from dividends:

Pursuant to the provision of Finance Act, 2017 the rates of income tax deduction from dividend payment under section 150 of the Income Tax Ordinance, 2001 have been revised as under:

- For filers - 15%
- For non-filers - 20%

All members may check their status from the Active Tax Payers list available on FBR website.

Please note that the Shares Registrar will check status of the members (Filer or Non Filer) from the Active Tax Payers list on the basis of valid CNIC/NTN numbers and would deduct tax as per provisions of the law. Furthermore, in case of Joint holder(s) according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint holder(s) in respect of shares held by them to our Share Registrar, in writing as follows: *

Name of the Company		Sui Northern Gas Pipelines Limited
Folio /CDC Account No.		
Total No. of Shares held		
Principal Shareholder	Name & CNIC No. Shareholding Proportion (No. of Shares)	
Joint Shareholder	Name & CNIC No. Shareholding Proportion (No. of Shares)	

*

NOTICE OF 53RD ANNUAL GENERAL MEETING

The above information must reach our Share Registrar by the close of business on November 20, 2017; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

4. Mandatory requirement of Bank Account Details for Electronic Credit of Cash Dividend Payment:

Section 242 of the Companies Act, 2017 stipulates that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, it is requested to provide the following information duly signed along with a copy of valid CNIC to your respective CDC Participant / CDC Investor Account Services in case of Book Entry Form or to our Shares Registrar, in case of Physical Form at the earliest.

Name (IN CAPITAL LETTERS)
Folio / CDS Account No.(SNGPL)
CNIC /Passport /Incorporation No
Title of Bank Account (IN CAPITAL LETTERS)
International Bank Account Number (IBAN) (24 digits)
Bank's Name
Bank's Branch Address

The e-dividend mandate form is also available on the Company's website: www.sngpl.com.pk.

5. Unclaimed/Unpaid Dividend and Share Certificates

Shareholders who could not collect their dividend / physical shares are advised to contact our Shares Registrar to collect / inquire about their unclaimed dividend/ shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividend and shares for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

6. Dissemination of Annual Audited Accounts for the year ended June 30, 2017 through CD/DVD/USB:

The Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to disseminate their Annual Audited Accounts (i.e. the Annual Balance Sheet and Profit and Loss Account, Auditors Report and Director's report) to its members through CD/DVD/USB at their registered address instead of sending them in hard copy.

Pursuant to the approval of shareholders, the Annual Audited Financial statements of the Company for the year ended June 30, 2017, are being circulated to the members through DVD. However, a shareholder may

ask through written request to provide a hard copy of Annual Audited Accounts.

7. Transmission of Annual Audited Financial Statements and Annual General Meeting Notice through e-mail (optional):

In pursuance of the direction, Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive the Company's Annual Audited Financial Statements and Annual General Meeting Notices through e-mail are requested to fill the requisite form available on Company's website i.e. www.sngpl.com.pk.

8. Consent for Video Conference Facility

Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if Company receives consent form from members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information duly signed and submit to registered office of the Company:

I/We _____ of _____ being a member of Sui Northern Gas Pipelines Limited, holding _____ ordinary shares as per Register Folio/ CDC Account No. _____ hereby opt for video conference facility at _____.

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

REGISTERED OFFICE

Gas House, 21-Kashmir Road,
P.O. Box No. 56, Lahore 54000, Pakistan.
Tel: +92-42-99201451-60, +92-42-99201490-99
Fax: +92-42-99201369, 99201302
Website: www.sngpl.com.pk

SHARES REGISTRAR

Central Depository Company of Pakistan Limited
2nd Floor, 307 Upper Mall, Opposite Lahore Gymkhana,
Near Mian Mir Bridge, Lahore, Pakistan.
Tel: +92-42-35789378-87
Fax: +92-42-35789340
Website: www.cdcpakistan.com

TRANSMISSION SYSTEM

AS AT JUNE 30, 2017

SR. #	SECTION	DIA (Inches)	MAIN LINE (Kilometers)	LOOP LINE (Kilometers)
1	PIRKOH - SUI	24	70.50	-
2	LOTI - PESHBOGI	18	11.25	-
3	SUI - MULTAN	24	19.31	-
4	SUI - MULTAN	30	-	19.31
5	SUI - MULTAN	24	14.29	-
6	SUI - MULTAN	30	-	14.29
7	SUI - MULTAN	16	0.26	-
8	GUDDU TPS	4	2.41	-
9	GUDDU BARRAGE	24	1.81	-
10	GUDDU CROSSING	36	-	1.81
11	SAWAN - QADIRPUR	24	131.00	-
12	SAWAN CUSTODY TRANSFER POINT-SV1	24	2.85	-
13	SAWAN CUSTODY TRANSFER POINT-U/S OF SV1	42	-	2.73
14	SV1 - SV2 LINE	42	-	25.12
15	SV2 - SV4 SEGMENT	42	-	55.33
16	SV4 - SV5	42	-	20.92
17	SV5 - QV1 SEGMENT	42	-	29.40
18	KAND KOT LINE	16	52.23	-
19	QADIRPUR LINE	30	53.13	-
20	QADIRPUR LINE	36	-	53.14
21	QADIRPUR LINE (LNG PHASE-II)	42	-	53.14
22	ENGRO FERTILIZER LINE	20	37.80	-
23	ENGRO ENERGY LINE	16	3.30	-
24	MARI DCPF - GENCO-II DEHYDRATION UNIT LINE	12	4.50	-
25	MARI DCPF - GENCO-II DEHYDRATION UNIT LINE	10	5.50	-
26	SUI - MULTAN	18	-	256.82
27	SUI - MULTAN	24	288.06	-
28	SUI - MULTAN	30	-	313.78
29	SUI - MULTAN	36	-	281.28
30	SUI - MULTAN	16	1.85	-
31	K1 - MP-37.88	20	-	20.68
32	SHER SHAH X-ING	36	-	2.20
33	AC1X - AV7 (RYK)	36	-	26.96
34	AV10 - A4 (RLNG LINE)	36	-	30.10
35	AV15 - AV-20 (RLNG Line)	36	-	5.74
36	AV17 - AV 20	36	-	3.50
37	AV21 - AV 22	36	-	27.79
38	AV21 - AV 22 (RLNG LINE)	36	-	27.79
39	SUTLEJ CROSSING - 1	12	1.61	3.22
40	SUTLEJ CROSSING - 2	36	-	2.04
41	KHANPUR LINE	6	22.81	-
42	A5 - BAHAWALPUR	8	48.18	-
43	AV22 - KOT ADDU	16	69.65	-
44	AV22 - KOT ADDU	20	-	38.01
45	KOT ADDU - CHOWK SARWAR SHAHEED	8	26.00	-
46	D. G. KHAN LINE	8	72.06	-
47	DHODAK - KOT ADDU	16	77.79	-
48	TPS MUZAFFARGARH LINE	16	4.57	-
49	QADIRPUR - AC-1X LINE	30	17.11	-
50	QADIRPUR - AC-1X LINE	36	-	16.88
51	QADIRPUR - AC-1X LINE (LNG PHASE-II)	42	-	17.13
52	AHMEDPUR EAST	6	18.34	-
53	KHAN GARH	8	22.20	-
54	MULTAN - FERTILIZER LINE	10	1.43	-
55	JAHANIAN LINE	8	30.49	-
56	MULTAN - SIDHNAI	18	-	46.7
57	MULTAN - SIDHNAI	24	22.46	22.46
58	MULTAN - SIDHNAI	30	-	46.70
59	MULTAN - SIDHNAI	36	-	48.38
60	AV29 - SAHIWAL	36	-	145.46
61	N2 - SAHIWAL (RLNG LINE)	24	-	77.30
62	OKARA CANTT. - AKHTARABAD (RLNG LINE)	30	-	42.45
63	AV29 - N2 (RLNG LINE)	24	-	68.16
64	KASHMORE - SHAHWALI LINE	12	20.00	-
65	SAHWALI - ROJHAN LINE (FIRST SEGMENT)	12	4.00	-

TRANSMISSION SYSTEM

SR. #	SECTION	DIA (Inches)	MAIN LINE (Kilometers)	LOOP LINE (Kilometers)
66	SHAHWALI - ROJHAN LINE (MP 14.92 TO MP 27.792)	12	21.00	-
67	HAROONABAD LINE	8	20.00	-
68	SMS KHANGARH - KALLARWALI	8	30.00	-
69	SMS KALLARWALI - CHOWK PERMIT	8	27.61	-
70	SIDHNAI - FAISALABAD	18	-	163.58
71	SIDHNAI - FAISALABAD	24	-	50.24
72	SIDHNAI - FAISALABAD	30	-	53.29
73	SIDHNAI - FAISALABAD	36	-	26.42
74	SIDHNAI X-ING - AC-7	36	-	33.26
75	AC7 - HAVELI BAHADUR SHAH	30	37.30	-
76	DARKHANA - SINDHELIANWALI LINE	8	17.40	-
77	T.T. SING - JHANG	8	30.28	-
78	DIJKOT - SAMUNDARY LINE	8	22.33	-
79	SAHIWAL - LAHORE	18	142.93	-
80	SAHIWAL - AKHTARABAD	24	-	66.69
81	SUNDER INDUSTRIAL STATE LINE	16	4.34	-
82	AC8 - SMSII (OLD)	16	-	5.90
83	AC8 - A11	20	-	0.66
84	WAPDA OFFTAKE FSD	12	2.42	-
85	CHAK JHUMRA LINE	6	12.04	-
86	FSD - MALAKWAL	12	19.34	-
87	FSD - MALAKWAL	16	-	158.67
88	FSD - MALAKWAL	30	-	90.82
89	CV12A - KHATHIALA SHAKHAN LINE	12	28.23	-
90	KATHIALA SHEIKHAN - MANDI BAHAUDDIN LINE	12	9.10	-
91	MANDI BAHAUDDIN - LALAMUSA LINE	12	47.17	-
92	MALAKWAL - JHELMUM CROSSING	16	-	5.42
93	CHENAB CROSSING CHINIOT	18	1.13	-
94	CHENAB CROSSING CHINIOT	30	2.32	-
95	KOT MOMIN - JOHARABAD (1)	8	72.41	-
96	KOT MOMIN - JOHARABAD (2)	6	38.36	-
97	JOHARABAD - CHASHMA	8	82.21	-
98	PIPLAN LINE	8	17.05	-
99	SARGODHA LINE	6	20.92	-
100	CV3 (JHOKE MORE) - M3 INDUSTRIAL ESTATE LINE	8	15.68	-
101	FSD - SHAHDARA	16	57.48	144.35
102	FSD - SHAHDARA	24	-	55.03
103	BC1 - FAROOQ ABAD	8	22.96	-
104	SHAHDARA - LAHORE	16	2.51	2.99
105	RAVI CROSSING (1)	16	0.58	-
106	RAVI CROSSING (2)	10	-	0.58
107	SHAHDARA - WAPDA LAHORE	10	3.41	-
108	KHURRIANWALA - JARANWALA	8	-	22.53
109	DAWOOD HERCULES LINE	12	5.87	-
110	SHEIKHUPURA - GUJRANWALA (1)	10	59.44	-
111	SHEIKHUPURA - GUJRANWALA (2)	16	-	44.57
112	MP 59.91 - B3 LINE	24	-	22.83
113	MP 59.91 - TATLAYALI V/A	16	-	44.57
114	MP 59.91 - BHIKHI POWER PLANT (QATPL)	30	-	16.17
115	B2 - MP 50.70 (QATPL LINE)	30	-	1.45
116	MP 59.91 - NANDIPUR POWER PLANT	24	76.40	-
117	TATLAYALI V/A - MP 27.186 ON NANDIPUR POWER PLANT PIPELINE	24	8.20	-
118	B3-RAVI D/S LINE	24	-	3.15
119	KOTLI - RAHWALI (BV13)	18	30.76	-
120	HAFIZABAD LINE	8	43.00	-
121	SHAHDARA - GUJRANWALA - RAHWALI	10	73.40	-
122	RAHWALI - GUJRAT	8	35.46	-
123	RAHWALI - SIALKOT	8	13.97	13.97
124	SIALKOT OFF-TAKE V/A TO PASROOR OFF-TAKE V/A	16	-	32.83
125	RAHWALI - SIALKOT OFFTAKE	18	-	1.48
126	PASROOR - DHAMTAL - NAROWAL	8	40.55	-
127	SIALKOT O/T - WAZIRABAD	18	-	19.82
128	SAHIWAL - LAHORE	16	-	76.67
129	BSL U/S - BALLOKI POWER PLANT	30	7.50	-

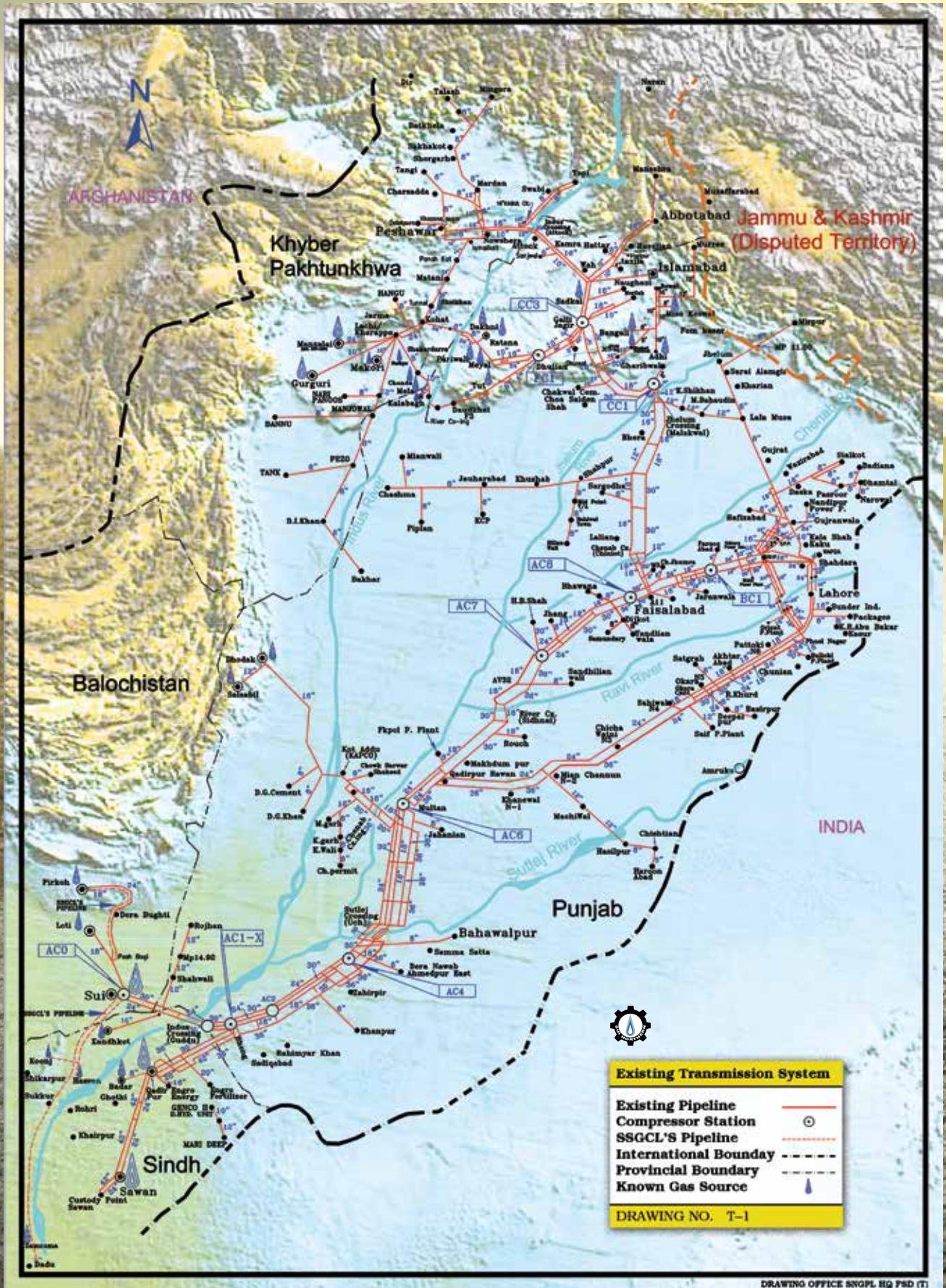
SR. #	SECTION	DIA (Inches)	MAIN LINE (Kilometers)	LOOP LINE (Kilometers)
130	PHOOL NAGAR - U/S HEAD BALLOKI	18	-	10.38
131	D/S HEAD BALLOKI TO MP-59.9	18	-	52.34
132	PHOOLNAGAR - DAWOOD HERCULES	16	63.95	-
133	PHOOLNAGAR - DAWOOD HERCULES	24	-	65.47
134	ORIENT POWER PLANT LINE	10	1.88	-
135	SAPPHIRE POWER PLANT LINE	10	0.22	-
136	HALMORE POWER LINE	12	3.40	-
137	SAIF POWER PLANT SAHIWAL	12	0.34	-
138	GUJRAT - JHELMUM	8	54.27	-
139	SARAI ALAMGIR - MIRPUR	8	18.50	-
140	RENALA - SATGARAH	8	12.35	-
141	MALIKWAL - HARANPUR - DANDOT	12	1.18	-
142	MALIKWAL - HARANPUR - DANDOT	16	-	20.00
143	CC1 - C4	30	-	29.09
144	C4 - CHAKWAL CEMENT	10	24.00	-
145	HARANPUR - GHARIBWAL	8	13.02	-
146	DANDOT - GALI JAGIR - WAH	10	87.70	-
147	DANDOT - GALI JAGIR - WAH	16	-	153.51
148	DANDOT - GALI JAGIR - WAH	30	-	64.22
149	DHULIAN - GALI JAGIR	10	40.14	-
150	DAKHNI - MEYAL - DHULIAN	16	50.44	-
151	CV13a - CC1	16	-	3.58
152	RATANA LINE	10	2.49	-
153	SIL CROSSING	10	-	1.46
154	DHURNAL LINE (1)	8	0.54	-
155	DHURNAL LINE (2)	10	11.08	-
156	DHULIAN - DAUDKHEL	8	85.20	4.04
157	FC1 - MP 13.20	24	-	21.25
158	FC1 - C6 PIPELINE FROM MID POINT VALVE ASSEMBLY TO END POINT C6 GALI JAGIR	24	18.90	-
159	FC1 - PINDIGHEB LINE	24	-	10.10
160	MEYAL V/A - END POINT SMS PINDIGHEB	24	-	12.50
161	KHUSHAL GARH BRIDGE - DAKHNI END POINT V/A	24	-	11.40
162	POINT A V/A - SMS DHURNAL	3	0.24	-
163	GALI JAGIR - MORGAH (1)	10	21.44	-
164	GALI JAGIR - MORGAH (2)	6	9.50	-
165	GALI - RANIAL	16	-	35.57
166	WAH - ISLAMABAD	6	12.06	-
167	WAH - HATTAR	16	-	6.17
168	WAH - HATTAR	10	9.93	-
169	ADHI - RAWAT	10	47.70	-
170	RAWAT - MURREE	12	57.25	-
171	BHANGALI LINE	8	5.82	-
172	MISSA KASWAL - MANDRA	8	20.60	-
173	WAH - NOWSHERA (1)	10	50.41	-
174	WAH - NOWSHERA (2)	16	-	52.60
175	INDUS CROSSING	24	-	1.12
176	TAXILA LINE	4	4.43	-
177	SANJWAL LINE	6	6.67	-
178	KOHAT LINE	8	11.58	-
179	SHAKARDARA - DAUDKHEL	10	40.11	-
180	MPCL (KALABAGH-1) - MID POINT V/A, MP 11.29 ON SHAKARDARA DAUDKHEL PIPELINE	8	1.00	-
181	SHAKARDARA END POINT - F3	10	1.55	-
182	SADQAL - NAUGAZI LINE	16	19.02	-
183	DASKA - PASROOR LINE	8	24.86	-
184	FAUJI KABIR WALA LINE	8	5.86	-
185	OKARA - DIPALPUR LINE	8	16.83	-
186	ROUSCH POWER PLANT LINE	16	4.70	-
187	PINDORI - BHANGALI LINE	8	15.83	-
188	CV24-PINDORI (FIRST SEGMENT)	10	26.33	-
189	KM 26.33 - KM 30.80 (CV24 - PINDORI PIPELINE)	10	4.47	-
190	MIANWALI LINE	8	17.80	-
191	D.I. KHAN BHAKAR LINE	8	19.69	-
192	MIAN CHUNNUN - HASILPUR	12	83.85	-

TRANSMISSION SYSTEM

SR. #	SECTION	DIA (Inches)	MAIN LINE (Kilometers)	LOOP LINE (Kilometers)
193	HASILPUR - CHISHTIAN LINE	8	30.98	-
194	AV-40 - DIJKOT - TANDLIANWALA	8	39.79	-
195	AV-40 - BHAWANA LINE	8	37.14	-
196	SUKHO - RAWAT	16	36.24	-
197	DIPALPUR - BASIRPUR	8	22.64	-
198	MANGA - PACKAGES LINE(RENTED POWER)	8	36.65	-
199	RODHO - KOT QAISRANI LINE	12	14.50	-
200	SAHIWAL - PHOOLNAGAR LOOP LINE FROM AKHTARABAD V/A TO N-6 PATTOKI V/A	24	20.95	-
201	N-6 - PHOOL NAGAR O/T	24	-	21.69
202	SHAHPUR - HUSSAIN SHAH LINE	8	22.22	-
203	HUSSAIN SHAH - SAHIWAL TOWN LINE	8	13.52	-
204	SAHIWAL TOWN - SILLANWALI LINE	8	26.71	-
205	RANDHAWA OFF-TAKE TO BADIANA	8	8.50	-
206	KOTLI RAI ABU BAKAR LINE	8	7.05	-
207	HATTAR - HARIPUR	10	18.12	-
208	HATTAR OFFTAKE	6	0.39	-
209	HARIPUR - MANSEHRA	8	70.53	-
210	HARIPUR OFFTAKE	8	1.53	-
211	WAH - NOWSHERA (1)	10	25.13	-
212	WAH - NOWSHERA (2)	16	-	23.68
213	WAH - HATTAR	16	-	13.62
214	HATTAR - SARAI SALEH	16	-	19.00
215	HATTAR - HAVELLIAN	16	-	15.00
216	HAVELLIAN - ABBOTTABAD	16	-	27.50
217	C10 - ISMAILKOT	16	-	14.64
218	KOHAT LINE	8	19.20	-
219	KOHAT - NOWSHERA	24	85.52	-
220	KOHAT - GHORAZAI LINE	24	-	23.49
221	MANZALAI - KOHAT LINE	24	39.01	-
222	JARMA - HANGO LINE	8	36.00	-
223	MUNJOWAL - BANNU	8	36.50	-
224	NOWSHERA - ISMAILKOT (1)	8	11.97	-
225	NOWSHERA - ISMAILKOT (2)	6	-	11.97
226	ISMAILKOT - TURNAB (1)	8	-	20.85
227	ISMAILKOT - TURNAB (2)	6	20.86	-
228	ISMAILKOT - TURNAB (3)	16	-	21.24
229	SHAKARDARA - DAUDKHEL	10	3.00	-
230	KHARAPPA - SHAKARDARA	8	25.50	-
231	KHARAPPA - MANJOWAL	12	84.42	-
232	NARI PANOOS LINE	8	2.98	-
233	MAKORI - KHARAPPA	10	8.75	-
234	MUNJOWAL - PEZU	8	53.29	-
235	PEZU - D.I. KHAN	8	47.02	-
236	PEZU - TANK	8	31.51	-
237	D.I. KHAN - BHAKAR	8	18.80	-
238	NOWSHERA - MDN-T.BAI-S/KOT	8	57.99	-
239	NOWSHERA - CHARSADDA	8	23.59	-
240	NOWSHERA - MARDAN	12	-	19.76
241	NOWSHERA - MARDAN	16	-	2.16
242	CHARSADDA - TURANG ZAI LINE	6	10.36	-
243	TANGI LINE	6	13.87	-
244	CHARSADHA - KHAZANA LINE	8	22.64	-
245	CHARSADHA - KHAZANA - DOLATPURA	6	0.34	-
246	JAHANGIRA - SWABI - TOPI	8	40.29	-
247	JAHANGIRA - SWABI - TOPI	8	-	38.24
248	JAHANGIRA OFF-TAKE - KABUL X-ING D/S	16	-	2.52
249	KABUL X-ING JAHANGIRA	16	0.30	-
250	SAKHAKOT - SWAT	8	68.06	-
251	CHAKDARA - TALASH LINE	8	31.60	-
252	GURGURI - KOHAAT LINE	10	78.00	-
253	SARAI ALAMGIR - MIRPUR	8	17.35	-
SUB TOTAL			4,672.39	3,874.66
GRAND TOTAL (KM)				8,547.05

TRANSMISSION NETWORK

AS AT JUNE 30, 2017





CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

The Board of Directors present the 54th Annual Report and the Audited Financial Statements of your Company for the Financial Year ended June 30, 2017 along with the Auditors' Report thereon.

FINANCIAL REVIEW

We are pleased to present the audited financial statements of your Company for the Year ended June 30, 2017, after incorporating the determination of Final Revenue Requirements of the Company for the year 2016-17 by Oil and Gas Regulatory Authority (OGRA). Despite several odds, numerous economic and financial challenges, your Company ended FY 2016-17 by posting highest ever profit in its history. Profit after tax of Rs 8,615 million and EPS of Re. 13.58 as compared to profit after tax of Rs 124 million and EPS of Re. 0.20 during the corresponding period of last year.

The summary of financial results for the year under review is given below:

	(Rs in million)
Profit before taxation	12,539
Provision for taxation	(3,924)
Profit after taxation	8,615

This unprecedented increase in profit was the main reason for declaration of 60% final cash dividend for FY 2016-17.



CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

Following are few key factors, which have contributed in achieving the record profits;

- a) Increase in return on average assets due to growing capitalization of Rs 45,961 million in the year under review;
- b) Decrease in disallowance of UFG over and above the benchmark prescribed by OGRA, which is provisionally allowed 4.5%, till the completion of UFG study ; UFG% decreased from 9.21% in FY 2015-16 to 8.07% during FY 2016-17;
- c) Decrease in disallowance of provision for bad debts over and above the set criteria by the Regulator; disallowance of provision for doubtful debt decreased from Rs 1,737 million in FY 2015-16 to Rs nil during FY 2016-17.

The Company operates under guaranteed 17.5% rate of return covenant. After making all adjustments made by the OGRA, effective return of 12.83% was achieved in the year under review as against 2.79% in the corresponding year.

Your Company maintains that continuous disallowance on account of Unaccounted for Gas (UFG) over and above the benchmark, set arbitrarily by the Regulator, remains as one of the major issue adversely impacting the results of the Company. During the year under review, the volumetric loss has reduced from 46.7 BCF during 2015-16 to 39.5 BCF. Accordingly UFG disallowance has also reduced from Rs 7.52 billion during 2015-16 to Rs 5.45 billion during the current year. During the year under review, the well head price of sui field was increased retrospectively w.e.f January 01, 2015, consequently the entire impact of Rs 22 billion for two and a half years was incorporated in the current year. Had this adjustment not been incorporated in these account, UFG disallowance would have been Rs 4.92 billion instead of Rs 5.45 billion and resultantly profit after tax would have increased by Rs 367 million and EPS by Re 0.58 per share.

Your Company is facing liquidity issues mainly due to accumulation of Differential Margin of Rs 66 billion recoverable from Government of Pakistan, the settlement of this amount is dependent upon increase in gas prices duly notified by OGRA, with the approval of Government of Pakistan.

UN- ACCOUNTED FOR GAS (UFG) CONTROL

The UFG Control Department of your Company under the guidance of the Un- accounted for Gas Control Committee

of the Board successfully executed the UFG Reduction Plan and reduced the UFG losses from 11.17% in FY 2012-13 to 8.07 % in FY 2016-17.

The activities included in UFG Reduction Plan are expected to have long term effect for controlling UFG in coming years. The key focus areas are:

1. Leakage Rectification/ Management Program
2. Theft Control Program
3. Capacity enhancement of Metering Workshops

Your Company is taking several steps including, but not limited to, increased surveillance and particular monitoring of areas susceptible to gas pilferage, timely leakage detection and its rectification and continuous checking and up gradation of measurement facilities etc, are being taken to reduce this loss. With the right focus on the issues, the UFG was brought down more than 1% as compared to previous year. We are also committed to bring it further down to an acceptable level.

OPERATIONAL REVIEW

The transmission network of your Company has extended to 8,637 KMs high pressure pipelines, ranging from 6 inches to 42 inches diameter, across its area of franchise. During the year, 176 new towns, villages were connected with the existing system by laying 6,741 KMs of distribution mains and service lines. A total of 3,543 towns, villages, District Head Quarters and Tehsil Head Quarters now exist on the Company's network.

The Company in line with its Vision and Mission Statements has improved the quality of life of its consumers by providing 420,704 new gas connections during the year under review.

PROJECTS

Projects Department of your Company has completed 778 KMs Transmission Lines with diameters ranging from 8" to 42" including the contract lines. In addition to Transmission Lines, 351 KMs of Distribution mains were commissioned during this fiscal year 2016-17 for improving pressure and enhance customer satisfaction level. The Company is engaged in bringing 1200 MMCFD RLNG into its system for which:

- Company's system augmentation project from Sawan to Lahore is complete to transport 1200 MMCFD RLNG downstream Sawan. However, construction works on balance 150 KM pipeline is in progress and after its completion by end of this year, system's capacity shall be enhanced from 1.2 BCFD to 1.5 BCFD;



CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

- the spur line laying jobs of three power plants at Bhikki, Haveli Bahadur Shah and Balloki of consolidated 3600 MW capacity for supplying 200 MMCFD RLNG to each power plant on 100 % cost sharing basis is complete and Company is now supplying RLNG to these power plants.
- Spur line jobs for supply of 100 MMCFD gas to RLNG based Nandipur power plant is also complete and Company is engaged in supplying gas to power plant.

As per direction of Government of Pakistan, SNGPL has planned new 42" dia x 770 KM pipeline project to build another 1200 MMCFD pipeline capacity from Sawan to Lahore for upcoming LNG terminals in the country keeping in view the diminishing indigenous gas supply resources for meeting the increasing gas demand of all sectors.

After the completion of ongoing system augmentation project, your Company shall be able to build up 1500 MMCFD additional pipeline capacity as compared to recently constructed additional pipeline infrastructure capacity of 1200 MMCFD. Your Company has also completed infrastructure required to supply 700 MMCFD RLNG to new RLNG based power plants being constructed in Punjab. However, after the completion of recently awarded 42" dia x 770 KM Pipeline Project along with 89,500 HP compression by March 2019, your Company shall be able to transport further 1200 MMCFD RLNG.

LIQUEFIED NATURAL GAS

On February 10, 2016, Pakistan and Qatar signed a contract for LNG supply on government-to-government (G2G) basis. It is a historic landmark achievement for the country expected to improve the energy mix for electricity production which is currently relying heavily on costly imported oil. The LNG imports under the Qatar Sale and Purchase Agreement (SPA) will help the country in enhancing power-generating capacity after the commissioning of new RLNG based Power projects expected to be operational by mid-2017.

COMPRESSION OF GAS

The Compression Department is performing vital role in the transmission of natural gas available at different pressure and flows from various fields by maintaining adequate gas pressure and flows in Transmission system to meet the gas demands of consumers located at SNGPL distribution network. For this purpose 11 compressor stations are being operated by the Company by operating & maintaining 69 Nos. compressor packages installed with 226,200 HP at these stations.



The department has also indigenous facility for overhauling of Saturn and Centaur turbine engines of M/s Solar's Compressor Packages. There is also testing facility for performance evaluation and for assurance of the mechanical integrity of these engines after overhauling. OEM, M/s Solar has transferred technology to SNGPL for overhauling of turbine engines of model T-4000, T-4500, T-4700 and T-1000, for this purpose SNGPL has latest testing facility of the same standard and specifications as that one installed in testing facility of M/s Solar, USA. During the last fiscal year, 4 Nos. of Centaur Gas Turbine Engines were zero overhauled and 1 Nos. were refurbished in overhauling facility at Multan and installed in field after testing mechanical integrity and performance of these engines in the test cell.

CORROSION CONTROL

The Corrosion Control Department protects the precious steel pipeline network from corrosion by applying Cathodic Protection (CP) technique through 1,632 CP Stations for MS Network being monitored through 28,328 and



5,858 test points in Distribution and Transmission Departments respectively. During the fiscal year 2016-17, 33 new CP Stations were added to the system while 73 exhausted ground beds of existing CP System were replaced. Integrity Assessment of Transmission Lines through ECDA methodology was carried out as per NACE Standards. Corrosion Control Department has also been able to successfully scan 25,766 KMs of gas network and detect and identify 21,632 Nos. of underground leaks by using laser based detection equipment during the year as per UFG Reduction Plan. Coat & Wrap works on Transmission Lines have also been carried out by Corrosion Control Department by recoating of 4.47 KMs of Transmission Lines during fiscal year 2016-17 in three transmission sections along with fabrication of 1,339 Nos. rolls of outer wrap / thermo glass. 23 Nos. Battery Back-up T/R Units were installed at Transmission Network, while 90 Nos. Remote Monitoring Units (GSM Based) were installed at CP Stations throughout the network. Furthermore, 80 Nos. Air Cooled T/R Units were fabricated at Corrosion Control Centre and Material Testing of 350 Nos.



samples was performed at material Testing Laboratory of Corrosion Control Centre. Pipeline Integrity Management Program is being implemented on Transmission Pipeline Network. As part of Research & Development, we have developed GSM Based Remote Monitoring Unit for data transmission of CP Stations, while its data management software is being developed in coordination with IT/MIS Department. The system will improve the efficiency and resources will be utilized for further improvement of system.



METERING

Meters and Electronic Volume Correctors (EVCs) are not only cash registers of the Company but they also play a vital role in detection of pilferage of gas to curb UFG losses of the Company. Metering Department is first ever department of SNGPL certified against world most acclaimed Quality Management System ISO 9001:2015 which encompasses Risk Based thinking, Knowledge Management Concept and change for continual improvement. Moreover, Accreditation of Meter Shops for Testing and Inspection based on ISO 17025: 2005 and ISO 17020:2012 through PNAC is under process. Meter Shops are also complying with Organization's Health, Safety and Environmental Management Systems regarding certifications of OHSAS 18001:2007 & ISO 14001:2004 respectively.

Metering department is committed for induction of latest measurement by techniques complying international standards and to improve specifications of measurement

CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

gadgets by continues research and development. During the year 307,430 Nos. of refurbished Industrial, Commercial & Domestic meters, have been dispatched to Distribution regions for replacement of suspected, defective & schedule meters replacement to reduce Company's UFG losses. Moreover, 9,621 Nos. EVCs have also been repaired / configured and dispatched to regions along with meters. Time bound dispatch of Meter Inspection Reports (MIRs) is top priority of Metering Department. 25,880 Nos. Meter Inspection Reports of Commercial and Industrial meters have been issued to Distribution regions for recovery of gas volume against measurement errors / tampering.



CUSTOMER SERVICES

Customer satisfaction has always been a core value in SNGPL policies and decision making which is amply reflected in our Vision and Mission. SNGPL has 16 Regional Offices, 34 Sub-regional Offices, 88 Customer Services Centers and 176 Complaint Centers, across Punjab, Khyber Pakhtunkhwa, Islamabad Capital Territory and Azad Jammu & Kashmir to receive and rectify the complaints from more than 5.65 million consumers. These offices operate round the clock to handle emergencies. Besides these offices, SNGPL has made arrangements for centralized Call Center to receive all types of complaints and to disseminate information related to services provided by the Company. The Call Center can be accessed through a Universal Access Number (UAN) 1199 from mobile or landline number within Company's franchised area. To improve satisfaction level of our valued customers, the Call Center has also been tasked to have feedback from complainants. During the year under review, 539,734 complaints were received all of which were duly responded and rectified to the customers satisfaction.



BILLING

Your Company is committed to the provision of timely gas bills to our valued consumers through advance technological tools with special focus on error-free billing. Dedicated efforts are being made for clearance of non-billing cases, resolution of provisional billing cases and expeditious reporting of anomalies and discrepancies noted at site so that timely action can be initiated to achieve Company's primary objective of UFG reduction.

Liquidation of outstanding dues from defaulting consumers is another important area of concern for Company and special emphasis is given to this aspect to ensure recovery from all categories of consumers through vigorous follow up and strict action regarding disconnection of gas supply. Special initiatives for recovery of outstanding dues have been carried out in line with provisions of newly promulgated Gas theft and Recovery Act through close coordination with financial institutes, District Government authorities and Securities and Exchange Commission of Pakistan.

Your Company is determined to ensure facilitation of consumers regarding resolution of their grievances expeditiously. Snap of meter showing meter reading is also appended on monthly gas bills for satisfaction of our valued customers and to ensure issuance of bills on actual meter reading.



INFORMATION TECHNOLOGY

Your Company is progressing rapidly to become the most IT enabled Company of the country, which would lead towards increased customer satisfaction, enhanced process efficiency, transparency, and visibility.

Oracle Utilities Customer Care and Billing (CC&B) system is now significantly entrenched and intensively used by all the departments such as Sales, Distribution, Billing, Customer Services, and Accounts for their business processes. It has improved the accuracy, bill delivery, revenue realization, process visibility across the board while ensuring customer satisfaction and employees' productivity. Enterprise Resource Planning (ERP) modules have been implemented and rolled out in all regional offices as well as project locations. To further improve efficiency and effectiveness of various department processes, additional functionalities of these modules are also being implemented.

IT/MIS department has also enhanced information security management in accordance with ISO 27003-(ISMS) and is also focused on information security controls implementation for the elimination of associated risks.



TELECOMMUNICATION

During the year under review Telecom Department successfully implemented and operated SNGPL's upgraded Telecommunication network in 8 GHz along with latest Digital PABX /Telephone Exchange system and Multiplexing equipment. In conformity to vision of telecom department, which encompasses on continuous growth in telecom network of SNGPL through latest, innovative and efficient telecom solutions, the existing microwave network has been extended to Mardan, Thandiani, Abbottabad, Faisalabad Distribution, Shaheen Complex, and Multan Distribution Regions. The newly implemented network has been optimally engineered in order to facilitate the data bandwidth requirements of SCADA system, PABX systems, Network Management Systems, IT/MIS department, Video Conferencing Systems and IP telephony. Telecom department has also implemented SIP telephony and many other new features on its newly upgraded PABX network. Video conference system has been deployed with enhanced features through this high capacity microwave network for facilitation of inter regional and management meetings.

Telecommunication department has deployed SCADA system on major LNG II sites while procurement of SCADA system for LNG III sites is in progress. SCADA system has also been implemented at GPPs i.e. Haveli Bahadur Shah, Balloki, Nandipur, Quaid-e-Azam Thermal power plant. Telecommunication department is in the process of "Replacement and Expansion of SCADA System on Existing Transmission Network".

CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

CIVIL CONSTRUCTION

Civil Construction Department in the Fiscal Year 2016-17 completed major Projects such as Multi-tier Racking System at Manga, Customer Service Centre at Faisalabad, Transmission Office Kohat, Bachelor Hostel at Wah, Material Storage sheds at Manga, Regional Meter shop Faisalabad.

Three level (Ground + 2) Company Archive System, a state of the art record storage system completed under the supervision of Foreign and SNGPL engineers consists of more than 2,400 storage units and provide a centralized storage space for Company's record. This Archive will not only enhance the storage space for record as it is a great space saver but also the access to record by any Department of Company is going to be quick and easy.

HEALTH, SAFETY AND ENVIRONMENT INFRASTRUCTURE

To ensure that our Health, Safety and Environmental Policy is systematically applied and best industry practices are adopted within all operations, we have developed an Integrated HSE Management System (IMS) based upon ISO 14001:2004 and OHSAS 18001:2007 standards. SNGPL is also a member of 'National Safety Council'.

SNGPL HSE Management System is based on the continual improvement process of the Plan - Do - Check - Act (PDCA) cycle utilized by the international certification standards. Maintaining outstanding HSE Performance is a core value of SNGPL.



Health, Safety & Environment department have developed 44 procedures duly approved by the management based upon operational activities of the Company and circulated



across the Company for implementation in true letter and spirit. These procedures are also available on Company's web portal for easy access.

In order to monitor the compliance of ISO 14001 / OHSAS 18001 Standards, Surveillance audit was conducted by M/s United Registrar of Systems (URS) from 05-09 December, 2016 and 20-28 April, 2017 of 7 Company sites which demonstrated the effectiveness of HSE Management System.

HSE Engineers at site implement the Training on HSE Procedures and Guidelines using different HSE Modules such as HSE Awareness; Fire Fighting / Fire Protection; First Aid and OH related topics; Incident / Accident Reporting; Emergency Response Procedure; Defensive Driving; Achieving Zero Accident Goal Through Proactive Safety.

Medical Camps were organized by HSE Department at Head Office, Bahawalpur Distribution, Abbotabad Distribution, Habibabad Camp, Manga Workshop and Manga Store. Medical screening tests of Diabetes, Hypertension, Hepatitis B&C, Eye Refraction and Bone Scanning were carried out.

Trackers/Data Loggers have been installed in 215 Nos. of Company's vehicles to reduce vehicles related accidents.



Driver Safety Report is generated each month and actions are taken against violators. Safety Booklets, Learning Events, First Aid Booklet have been written (both in English and Urdu) and circulated across the Company to raise awareness regarding safety. New posters on Environment, Energy Conservation and Safety are added for display across the Company.

All Company vehicles/generators and equipment's are physically inspected on a monthly basis. The vehicles/generators and equipment's passing this inspection are issued Vehicle Fitness Certificates for that month. Those not passing this inspection are stopped from operating until they become fit to operate. To create awareness regarding Defensive Driving, safety posters both in English and Urdu are displayed Companywide. A procedure for environmental monitoring is part of Integrated Management System Manual.

To show its commitment towards implementing HSE Policy across the Company, Management Review Meeting headed by Managing Director is conducted bi-annually for periodic review and evaluation of HSE management system.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is dedicated towards its CSR policy which is based on the best practices all over the world to leave a positive impact on the environment, employees, social norms and economic development. The laid out objectives are to be achieved by adopting a methodology that drives contact of the Company's business leading to commercial success in ways and manner that honour ethical values, environment, people and communities. SNGPL believes in

- Business that should be both profitable and beneficial to the society
- Improving the quality of life of the communities especially those who are under privileged.

- Ensuring harmonious relations with our stakeholders, by working in partnership with the community, the Government and NGOs through the principles of Sustainable Development.

The Company has an approved CSR Policy. CSR Cells have been established at sites for the implementation of CSR Projects. Various CSR Projects completed in FY 2016-17 are:

a) Education- Sponsorship of Gold Medals

In order to promote education, SNGPL has sponsored 2 Gold Medals at Ghulam Ishaque Khan Institute, Topi at the cost of 180,000/-, 2 Gold Medals at NFC Multan with cost of Rs 140,000/-



b) Provision of Drinking Water

SNGPL has made arrangements for potable drinking water for the community at C-10 Nowshera at the cost of Rs 1.62 million, THQ Hospital Kahuta, THQ Hospital Murree and at B-III Shahdra at the cost of Rs 0.6 million.

A pressure water filtration plant has been installed at village Amin Kail- Karak at the cost of Rs 0.57 million. SNGPL has also installed No. of Reverse Osmosis Plants/ Water Filtration Plant at all its Regional Offices with the provision of supplying safe drinking water to communities.

c) Beautification / Renovation of Chowks

In order to create soft image, SNGPL has honored its CSR Policy once again by the Beautification / Renovation of Chowk at different location.

- Beautification and Renovation of Fawara Chowk, Rawalpindi at the cost of Rs 2.175 million,
- Chowk at Multan at the cost of Rs 750,000/-,
- Rashkai 2nd Round about, Nowshera-Mardan Road at the cost of Rs 2.165 million,

CHAIRMAN'S REVIEW AND DIRECTORS' REPORT

- Rehabilitation and Construction of bridge over Abbasia Canal, UCH Sharif at the cost of Rs 610,000/-.
- Sponsorship to Lahore Bridge Association for Bermuda Bowl Championship at the cost of Rs 50,000/-.

Energy Conservation Projects under "Chair on Gas Engineering"

SNGPL is sponsoring three 'Chairs' on Gas Engineering at University of Engineering and Technology (UET) Lahore, University of Engineering and Technology, Peshawar and University of the Punjab (PU). The Chairs were constituted to fulfill the OGRA licensing conditions to promote higher education. Company's Corporate Social Responsibility policy also has an objective of providing support in promoting education and to enable education to reach to the under privileged nationwide. As per approval of OGRA and BOD, annual grant of Rs 3.32 million is being disbursed to each university of carrying out research projects, alternate energy sources especially Solar energy and developing innovative techniques of energy conservation will be focused.



d) ECO friendly activity of SNGPL Executives in collaboration with WWF

Employee engagement activity in collaboration of WWF has been done at Changa Manga in which tree plantation is done at the cost of Rs 209,000/-.

e) Registration with UNGC

SNGPL has been registered with United Nation Global Compact (UNGC). The UN Global Compact is the world's largest corporate sustainability. The UN Global Compact is a principle-based framework for businesses, stating



ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labor groups and civil society.



f) International ECO Internship Program

1st International ECO Internship Program 2014 launched in collaboration with WWF. Agreement signed on 30.04.14 and Rs 1 million was contributed to WWF for the purpose. Agreement against 2nd International ECO Internship Program 2015 was signed on 12.05.15. 3rd MOU has been signed between SNGPL and WWF on 20.07.2017.

Energy Conservation

With a view to conserve Natural Gas, SNGPL is executing various projects for energy conservation.

Following Energy conservation projects are currently at various stages of implementation.

a) Energy Conservation Policy

SNGPL has devised a comprehensive Energy Conservation Policy to achieve the following objectives in order to fulfill its commitment towards energy conservation:

- Encourage use on renewable energy resources.
- Categorization of equipments with respect to energy efficiency and promoting awareness among consumers for opting energy efficient devices / appliances.
- Promote usage of energy efficient appliances.
- Reduction in emissions of green house gases especially carbon dioxide.
- Reduction in use of water through awareness campaign and continual replacement of old water supply appliances with efficient water supply equipments / appliances.

- Replacing inefficient equipments.
- Coordinating with industrial consumers through Energy Efficiency Audits for making their process energy efficient.
- Promoting awareness among the Company's personnel for making positive contribution towards energy conservation for realizing energy savings.
- Recording energy conservation along with consumption to calculate cost impact to provide verifiable performance results on the objective of energy conservation.
- Incorporation of energy efficiency as a key component for new equipment, major renovation, and new design.
- SNGPL shall ensure that the adequate information is available and resources are provided for achieving the Conservation objective and targets.



b) Reduction in Electricity Consumption

Site wise yearly objectives are set to reduce energy consumption from previous year. Objective regarding the energy conservation has been raised at different sites by replacing conventional tube lights with SMDs/ LEDs resulting reduction in electricity consumption and many other objectives of energy conservation are in progress with other SNGPL sites.

c) Installation of Solar Panels at Regional Offices Lahore and Islamabad:

SNGPL has installed solar panels of 10 KW capacity at (CSC) of regional office Lahore. The Company has taken Green Office initiative for installation of 1000 KW solar PV system at its regional offices initially at Lahore and Islamabad, which is targeted to be completed in Fiscal year 2017-2018.



d) Solar Water Heater

Keeping in view of the current energy crisis and gas conservation, SNGPL is offering the device to its valuable consumers at no profit basis with easy payments of up to 24 installments. Solar Water heater is an alternate of conventional geyser. Total 446 units have been installed at different locations of Lahore, Faisalabad, Islamabad, Rawalpindi, Abbottabad, Bahawalpur, Multan, Sahiwal, Okara, Sargodha and D.G. Khan in FY 2016-17 at a cost of Rs 17.5 million. After the successful completion of pilot project, it was decided by BOD to procure more 1000 units of solar water heaters.

e) Geyser Timer Device

Keeping in view the current energy crisis and gas conservation in view, SNGPL is offering the geyser timer device to convert conventional Geyser temperature based thermostat into time base to its valuable consumers at no profit basis with easy payments of upto 12 installments. It can save 20% to 30% of gas consumption resulting in lesser gas bills. Total 1650 units have been installed at different locations of Lahore, Faisalabad, Islamabad, Rawalpindi, Abbottabad, Peshawar and Multan, at a cost of Rs 7.6 million.

f) Energy Efficiency Audits

SNGPL is conducting Energy Efficiency Audits of National Gas Boilers (Industrial Consumers) and also for Captive Power, as advised by the Ministry of Energy (Petroleum Division). Energy audit of Industrial consumers for Captive Power Units has been completed. Industries found below bench mark were served notices as per guidelines of Ministry of Energy (Petroleum Division) for improving the energy efficiency. Moreover, energy audit of Natural Gas Boilers is also underway.

CHAIRMAN'S REVIEW AND DIRECTORS' REPORT



AWARDS (HSE & CSR)

In recognition of Best Practices in field of HSE and CSR activities, SNGPL has won following Awards.

- Corporate Social Responsibility Award – 2017
- 13th Annual Environment Excellence Award – 2016

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

Human Resource is the most valuable asset of any organization. The Company proactively continues to play an integral role to increase human resource efficiency and accountability, improve service to the public, and streamline administration.

Training and Development

The Human Resource Department of the Company pays specific attention to the Training and Development of the executives to equip them with necessary training. Various courses are conducted at Sui Northern Gas Training Institute (SNGTI) at Kot Lakh Pat, Industrial area, Lahore, with an aim to develop employee skills and competencies which contribute towards overall organizational efficiency under the tutelage of highly qualified Trainers who possess best academic skills and corporate work experience and are proficient in designing, developing and delivering Training programs reflective of the modern business tools and techniques in today's challenging and vibrant business

environment in more than thirteen (13) different types / categories i.e. Technical Trainings, Soft Skill Trainings, External-Domestic Trainings, External-Foreign Trainings, Orientation Programs, Management for Junior Executives (MJE), Developing Future Leaders (DFL), Executive Development Program (EDP), Guest Speakers, Gas Control, Regional Trainings, Certification Training for Welders, and Helper Trade Test etc. In the FY 2016-17 SNGTI conducted 355 training courses relevant to the organizational working, culture and Training needs of the employees in above mentioned categories and trained 5,119 employees. The mosaic of training modules included not only Class room lectures but also Technical workshops, Hands of Trainings, Case studies, Assignments, Presentations, Interviews, Trade tests, Theoretical and Practical examinations. Practical Trainings on drilling machines and welding machines are also arranged.

Industrial Relations

Management always maintains cordial relationship with CBA to ensure industrial harmony while removing potential causes of disputes, thereby ensuring round the clock smooth operations of the Company. Recently CBA settlement for the period 2015-17 was finalized after negotiations between the members of the CBA and representatives of Management. Since establishment of the Company, all the matters are settled through bilateral negotiations with CBA.



Employment of Special Persons

The Company in accordance with its Corporate Social Responsibility has always given due consideration to engage special persons. Resultantly, present establishment of Company comprises a number of special employees. The Board of Directors of your Company as well as the Management is also determined to ensure recruitment against the reserved seats for Special persons in the forthcoming recruitment exercise.

Business Ethics and Anti Corruption Measures

A well defined Disciplinary Policy is in place which primarily aims to ensure that employees maintain the high standards expected of them in the work place and assist the management in implementing its objectives through fairness and consistency thereby, assuring effective operations within the work environment. The policy has recently been further strengthened as part of revision of HR Manual by incorporating necessary improvements which were deemed auxiliary to enhance its effectiveness. The Company took stern action against all those who reportedly committed misconduct to set example for others and to discourage corruption.

Furthermore, in line with the Company's core values, all employees are responsible as individuals and as team for their work and their actions. The workers welcome scrutiny and they hold themselves accountable.

INTERNAL CONTROL SYSTEM

SNGPL has a sound system of internal control. The internal control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate risks faced by the Company. The scope of Internal Audit has been approved by the Audit Committee of Board of Directors, which includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of reporting, safeguarding assets of the Company and compliance with laws and regulations. Company maintains a clear organizational structure with Head of Internal Audit functionally reporting directly to the Audit Committee of the Board. The role of Internal Audit also corresponds to the functions described for the internal audit under the Public Sector Companies (Corporate Governance) Rules, 2013 and best practices envisaged by Institute of Internal Auditors.

CHANGES IN THE BOARD

During the year Mr. Shoaib Mir, Mr. Furqan Bahadur Khan, Mr. Mohammad Aamir Qawi and Mr. Mohammad Jalal Sikandar Sultan were appointed as Directors in place of Ms. Nargis Ghaloo, Mr. Muhammad Arif Habib, Mr. Rizwanullah

Khan and Mr. Arshad Mirza respectively. Subsequently, Mr. Shoaib Mir resigned from the directorship of the Company and Mr. Naveed Kamran Baloch was appointed as Director in his place. The Board of Directors would like to place on record their appreciation and gratitude to the outgoing Member of the Board for his hard work, guidance and support during his tenure as Director of the Company.

COMPOSITION OF THE BOARD

During the year under review Mr. Muhammad Saeed Mehdi, Mr. Amjad Latif, Mr. Ahmad Aqeel, Mr. Arshad Mirza, Mr. Furqan Bahadur Khan, Mirza Mahmood Ahmad, Mr. Manzoor Ahmed, Mian Misbah-ur-Rehman, Mr. Mohammad Aamir Qawi, Mr. Mohammad Jalal Sikandar Sultan, Mr. Muhammad Arif Habib, Mr. Mustafa Ahmad Khan, Ms. Nargis Ghaloo, Mr. Nauman Wazir, Mr. Naveed Kamran Baloch, Mr. Raza Mansha, Mr. Rizwanullah Khan, Mr. Shahid Yousaf, and Mr. Shoaib Mir remained on the Board of the Company. Election of Directors were held on June 21, 2017 in which Mr. Muhammad Saeed Mehdi, Mr. Shahid Mahmood, Mr. Mohammad Jalal Sikandar Sultan, Mr. Ahmad Aqeel, Mr. Manzoor Ahmed, Mian Misbah-ur-Rehman, Mirza Mahmood Ahmad, Mr. Mohammad Aamir Qawi, Mr. Mohammad Jehanzab Khan, Mr. Naveed Kamran Baloch, Qazi Mohammad Saleem Siddiqui and Mr. Sajjad Hussain have been elected unopposed in place of retiring Directors for a term of three years commencing June 26, 2017.

POST BALANCE SHEET EVENTS

The Directors have not received, as at October 27, 2017 being the date on which these financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which effects the financial statements as presented.

CORPORATE GOVERNANCE

The Board of Directors has complied with the relevant principles of corporate governance, and has identified the rules if any that have not been complied with along with the reasons for such non-compliance are mentioned separately in the Statement of Compliance of this report.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors hereby declares that for the year ended June 30, 2017:

- a. The financial statements, together with the notes thereon have been drawn up in conformity with the Fourth Schedule of the Companies Ordinance, 1984. These statements present fairly the Company's state of

CHAIRMAN'S REVIEW AND DIRECTORS' REPORT



affairs, result of its operations, cash flows and changes in equity;

- b. Proper Books of Accounts of the Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from has been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. The appointment of Chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices;
- g. There are no significant doubts upon the Company's ability to continue as a going concern. The Board of Directors has satisfied itself that the Company has adequate resources to continue its operations in the foreseeable future. The Company's Financial Statements have accordingly been prepared on a 'going concern' basis;
- h. Significant deviations from last year's operating results have been disclosed as deemed appropriate in this Chairman's Review & Directors' Report and in the notes to the accounts, annexed to this report;
- i. Key operating and financial data of the last six years in summarized form is a part of this Annual Report;
- j. All statutory payments on account of taxes, duties, levies and charges in the normal course of business, payable as on June 30, 2017, have been cleared subsequent to the year end;

- k. Value of investment in employee's retirement funds based on audited accounts of the funds for the year ended June 30, 2017 is as follows:

(Rupees in thousand)

SN Senior Staff Pension Fund	2,226,374
SN Junior Staff Pension Fund	10,530,528
SN Executive Staff Gratuity Fund	120,000
SN Non-Executive Staff Gratuity Fund	4,150,460
SN Trustees Provident Fund	10,298,882
SNGPL Superannuation Free Gas Executives Fund	304,500
SNGPL Superannuation Free Gas Subordinates Fund	4,473,370
SNGPL Superannuation Compensated Absences Executives Fund	452,000
SNGPL Superannuation Compensated Absences Subordinates Fund	1,024,000
SNGPL Superannuation Medical Executives Fund	3,904,109
SNGPL Superannuation Medical Subordinates Fund	8,143,239
SN Employees Accidental Death Endowment Fund	8,000
Total	45,635,462

- l. The number of Board of Directors and Committees meetings held during the year and attendance by each disclosed in Corporate Governance section of this report;
- m. The Company is complying with the Code of Corporate Governance regarding Directors Training Program.
- n. The pattern and categories of share holding as at June 30, 2017 has been given in a separate section of this Annual Report;
- o. There was no default or likelihood of default in respect of any loan / debt instruments;
- p. No trading of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children has been carried out, other than the transactions disclosed as per statute. The number of shares, if any, held by them have been disclosed in categories of shareholders of this report.



AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants were appointed as External Auditors of the Company for conducting audit for Financial Year 2016-17 in the Annual General Meeting held on January 26, 2017. However, being eligible they have offered themselves for re-appointment for the financial year ending June 30, 2018. The Board proposes their re-appointment as auditors for the financial year ending June 30, 2018 on the recommendation of the Audit Committee.

RISK MANAGEMENT

SNGPL is facing number of challenges including but not limited to unaccounted for gas (UFG), liquidity and financial challenges in terms of rationalization of consumer gas prices and increasing gap between demand and supply of natural gas directly impacting reputation of the Company.

The Management under the guidance of the Board of Directors is determined to effectively combat these challenges through intensive planning, timely decision making and effective load management. Concerted efforts are being made to minimize the demand and supply gap through induction of RLNG and creating energy conservation environment through extensive media campaigns. Alternative opportunities of LPG air mix plants are also being pursued.

A separate department of Risk Management has been established under the direct supervision of Risk Management Committee of the Board of Directors to work full time on the assessment of principal risks and monitor progress of the mitigation strategies deployed to proactively

manage any possible adverse effect on the organization as a result of ever changing environment. The Risk Management Department is entrusted to work upon identification of risk and devise a strategy to mitigate its impact which is regularly monitored by the senior management.

SHARE WATCH

The Company's share opened at Rs 36.29 on July 04, 2016 and closed at Rs 148.92 on June 30, 2017. During the period under review, the highest price of the share was Rs 185.00 and the lowest was Rs 36.25. The market capitalization as on June 30, 2017 was Rs 94,448 million.

BUSINESS DEVELOPMENT

The Company is engaged in various pipeline construction projects of national and multinational companies. SNGPL is undertaking pipeline engineering and construction jobs of MOL Pakistan's flow line / trunk lines and Fiber Optic Cable in District Kohat / Hangu for different gas fields of MOL Pakistan like Maramzai, Manzalai, Mamikhel, Makori Deep-1, Tolanj West and Makori for the last fifteen years. MOL Pakistan has played a very vital role



CHAIRMAN'S REVIEW AND DIRECTORS' REPORT



in strengthening the gas input supplies. MOL Pakistan is presently working on two more wells i.e. Mardankhel-2 and Mardankhel-3 which are likely to be commissioned soon and projects of pipeline laying from / to the wells are likely to be awarded to SNGPL which would be the hall mark of quality / time consciousness of our work. Lately, SNGPL has completed MOL Pakistan's job of 12"/10" dia x 22 KM pipe line for Mardankhel-1 well head and with the completion of this job, additional 40 MMCFD gas has been injected into SNGPL's system. Recently, MOL Pakistan have shown interest in awarding the further 15 KMs long flow lines / trunk lines of above mentioned wells to SNGPL that involves laying of 8"/ 6" dia flowlines for well heads of Mardankhel -2 and Mardankhel-3 wells along with laying of fiber optic cable and tie-in works. SNGPL will carry out detailed route survey, detailed engineering and pipeline construction works in three months time frame. The completion of this project will not only inject 30 MMCFD gas into SNGPL' System but would be quite instrumental in reducing the energy deficiency in the country.

FUTURE OUTLOOK

Your Company is taking number of steps to improve supply of gas to the consumers by taking appropriate steps as under:-

- Concerted efforts to bring down the UFG at an acceptable level by specifically targeting areas of high UFG both technically and functionally.
- Expedite augmentation of transmission network required to transport additional 1.2 BCFD imported gases in the network. This would enhance your Company's asset base yielding direct impact on return on assets / profitability of the Company.

- Actively pursue other avenues of profitability including pipeline engineering and construction work for E&P companies. Management of your Company is confident that with the action plan brief of which is set out above, your Company will be able to show promising results in the future.

ACKNOWLEDGEMENTS

We wish to offer the members of the Board our profound gratitude for their hard work and precious time which contributed towards successful operations of your Company.

Your Directors wish to place on record their appreciation for the continued support and patronage received from shareholders and its valued customers. We wish to acknowledge the dedication and commitment of all the employees who contributed valuable services, to sustain all operations of the Company.

We also place on record our acknowledgement for the continued guidance and support received from the Government of Pakistan, Ministry of Energy (Petroleum Division) and Oil & Gas Regulatory Authority (OGRA).

On behalf of the Board

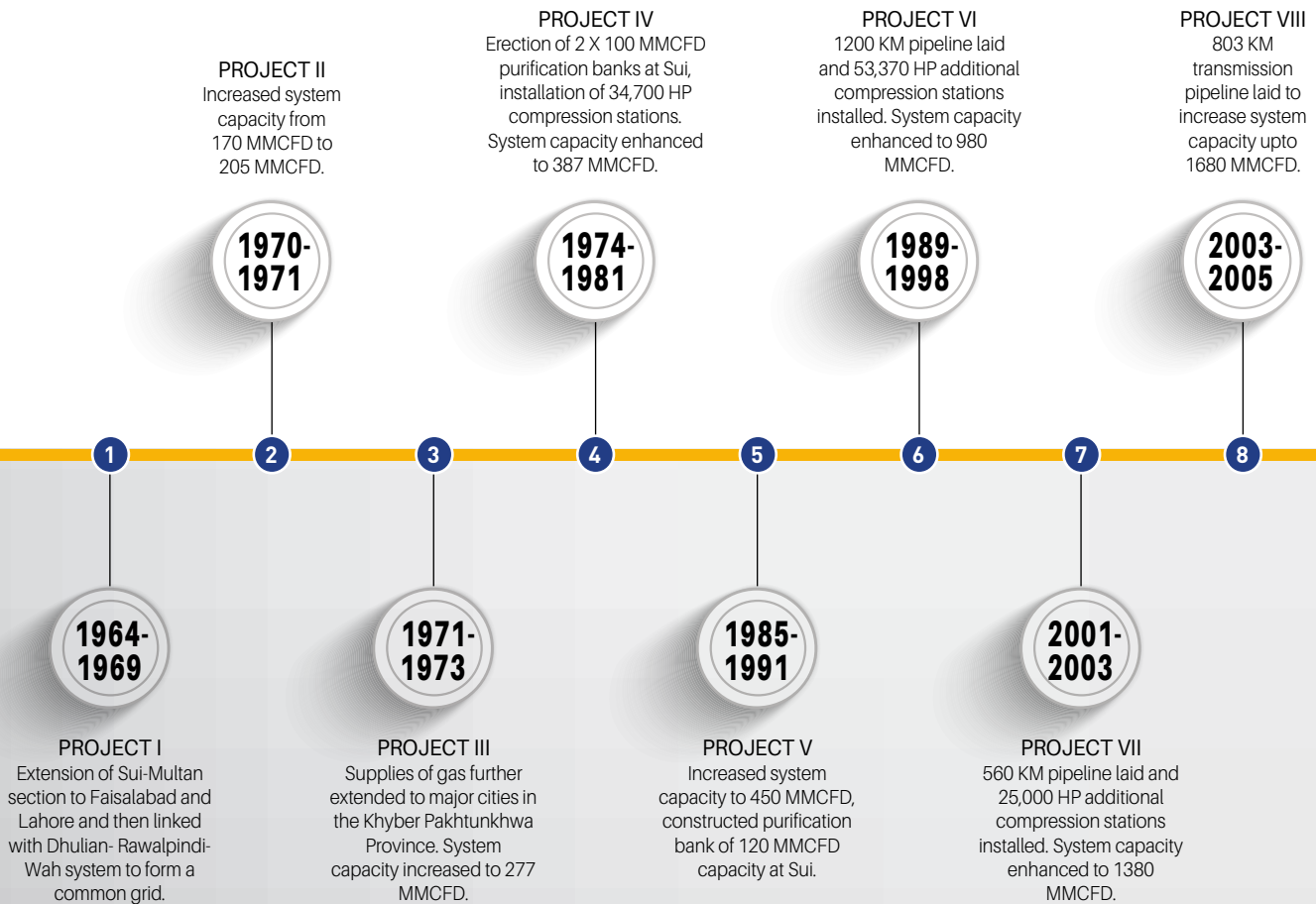
(AMJAD LATIF)
Managing Director/CEO

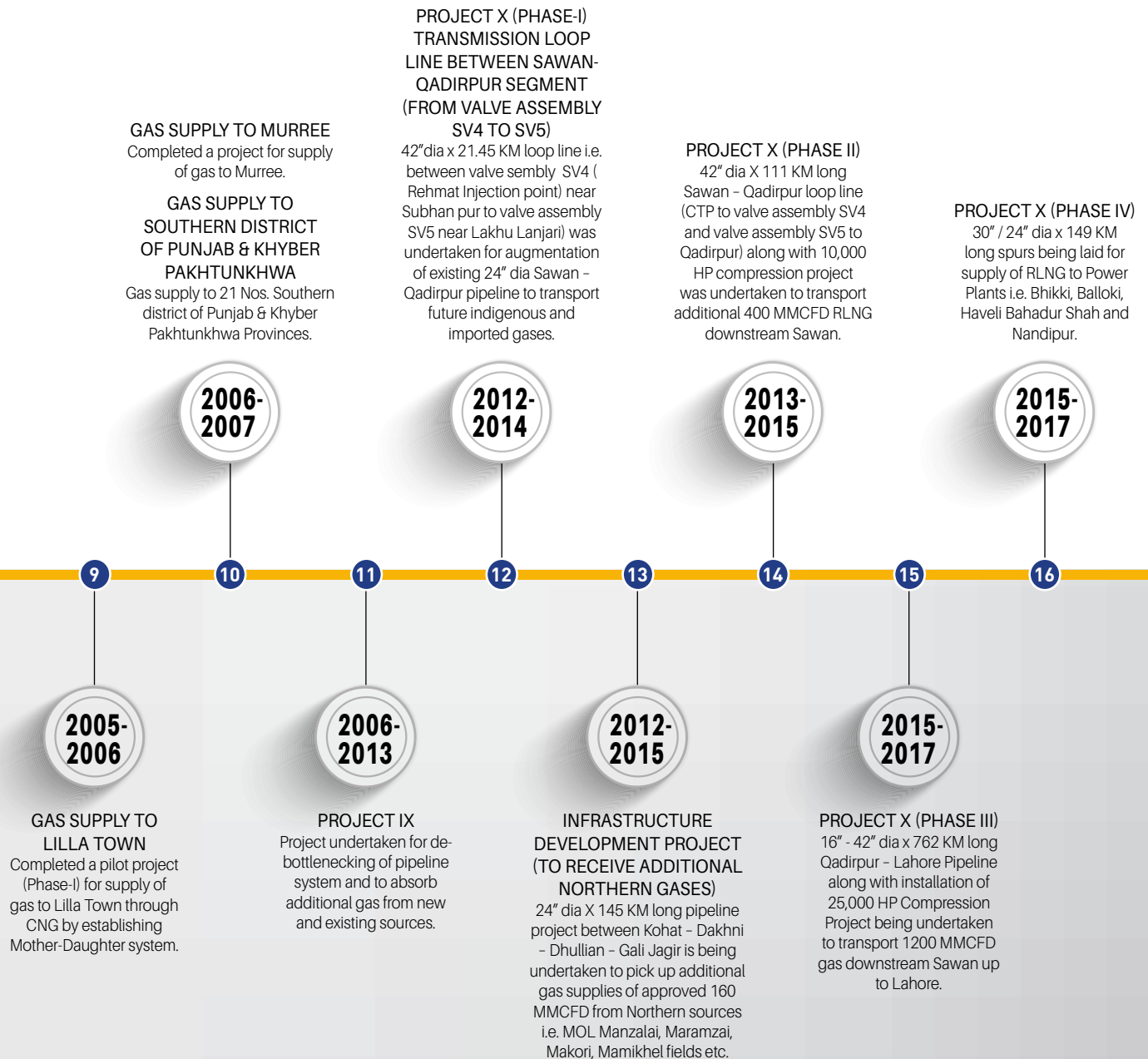
(MUHAMMAD SAEED MEHDI)
Chairman

Lahore
October 27, 2017



MILESTONES





PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

Name of Shareholders*	Number of Shareholders	Shareholdings		Total Shares Held	Percentage
		From	To		
	3,204	1	100	137,288	0.02
	3,877	101	500	1,110,935	0.18
	4,428	501	1000	3,357,784	0.53
	2,696	1001	5000	6,484,929	1.02
	477	5001	10000	3,695,488	0.58
	168	10001	15000	2,144,937	0.34
	111	15001	20000	2,000,350	0.32
	71	20001	25000	1,666,033	0.26
	43	25001	30000	1,212,119	0.19
	21	30001	35000	691,065	0.11
	23	35001	40000	890,829	0.14
	24	40001	45000	1,036,787	0.16
	31	45001	50000	1,525,606	0.24
	11	50001	55000	582,487	0.09
	13	55001	60000	758,762	0.12
	15	60001	65000	951,106	0.15
	12	65001	70000	818,934	0.13
	9	70001	75000	662,000	0.10
	8	75001	80000	632,174	0.10
	6	80001	85000	499,500	0.08
	6	85001	90000	531,661	0.08
	4	90001	95000	372,227	0.06
	14	95001	100000	1,391,036	0.22
	7	100001	105000	719,735	0.11
	3	105001	110000	326,000	0.05
	2	110001	115000	225,923	0.04
	4	115001	120000	472,123	0.07
	4	120001	125000	497,000	0.08
Munir Khalid	1	125001	130000	130,000	0.02
	3	130001	135000	404,953	0.06
	5	135001	140000	692,500	0.11
Amin Mohammed Lakhani	1	140001	145000	143,931	0.02
	6	145001	150000	899,000	0.14
Riffat Rashid	1	150001	155000	151,000	0.02
	4	155001	160000	635,310	0.10
Saad Iqbal	1	160001	165000	164,000	0.03
Trustees D.G. Khan Cement Company Limited Emp. P.F	1	165001	170000	166,000	0.03
	5	175001	180000	889,466	0.14
Trustees Engro Corporation Limited Provident Fund	1	180001	185000	182,500	0.03
	5	185001	190000	940,502	0.15
Habibsons Bank Limited - Client Account	1	190001	195000	191,500	0.03
	8	195001	200000	1,591,391	0.25
	2	200001	205000	410,000	0.06
	2	205001	210000	417,000	0.07
	2	210001	215000	430,000	0.07
	2	230001	235000	465,561	0.07
	2	235001	240000	480,000	0.08
	2	245001	250000	500,000	0.08
CDC - Trustee PICIC Islamic Stock Fund	1	250001	255000	250,500	0.04
	2	255001	260000	515,500	0.08
Din Capital Limited	1	260001	265000	261,000	0.04
MCB Bank Limited - Treasury	1	265001	270000	267,500	0.04
Skyline Enterprises (Pvt) Limited	1	270001	275000	272,359	0.04

Name of Shareholders*	Number of Shareholders	Shareholdings		Total Shares Held	Percentage
		From	To		
	2	275001	280000	558,000	0.09
National Insurance Company Limited	1	280001	285000	284,846	0.04
	2	285001	290000	578,156	0.09
	2	295001	300000	600,000	0.09
National Logistic Cell	1	310001	315000	314,737	0.05
IDBL (ICP Unit)	1	320001	325000	321,147	0.05
UPS Group Trust	1	330001	335000	334,779	0.05
Global X Funds - Global X MSCI Pakistan ETF	1	335001	340000	337,300	0.05
CDC - Trustee HBL Islamic Stock Fund	1	350001	355000	355,000	0.06
	2	365001	370000	737,978	0.12
Nuzhat Irfan	1	380001	385000	384,814	0.06
	3	395001	400000	1,200,000	0.19
Shahid Hameed	1	400001	405000	404,000	0.06
CDC - Trustee PICIC Growth Fund	1	415001	420000	416,000	0.07
Shahid Rashid Soorty	1	435001	440000	439,500	0.07
CDC - Trustee Alfalah GHP Alpha Fund	1	440001	445000	441,500	0.07
	2	445001	450000	892,500	0.14
Deutsche Bank AG - London Branch	1	450001	455000	450,720	0.07
	2	460001	465000	928,851	0.15
CDC - Trustee NIT-Equity Market Opportunity Fund	1	490001	495000	492,649	0.08
CDC - Trustee Alhamra Islamic Stock Fund	1	515001	520000	516,000	0.08
	2	525001	530000	1,052,523	0.17
	3	540001	545000	1,630,000	0.26
Intermarket Securities Limited	1	550001	555000	552,000	0.09
Elahi Capital (Private) Limited	1	555001	560000	557,000	0.09
CDC - Trustee Nafa Islamic Active Allocation Equity Fund	1	565001	570000	568,000	0.09
NTGI-QM Common Diversified Frontier Markets Index Fund	1	585001	590000	587,500	0.09
Arif Habib Limited	1	595001	600000	599,000	0.09
CDC - Trustee PICIC Energy Fund	1	630001	635000	634,500	0.10
	2	645001	650000	1,298,000	0.20
Pak Brunei Investment Company Limited	1	695001	700000	700,000	0.11
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Limited	1	705001	710000	706,270	0.11
CDC - Trustee Alfalah GHP Stock Fund	1	725001	730000	728,100	0.11
Asian Co-Operative Society Limited	1	760001	765000	762,300	0.12
H.E. Sh. Ebrahim Khalifa Ali Al Khalifa	1	795001	800000	800,000	0.13
Saqib Mahmood	1	805001	810000	809,700	0.13
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Limited	1	815001	820000	818,800	0.13
Tundra Pakistan Fund	1	835001	840000	839,500	0.13
Adamjee Life Assurance Company Limited	1	905001	910000	908,500	0.14
MCBFSL Trustee ABL Islamic Dedicated Stock Fund	1	930001	935000	931,500	0.15
Umair Amanullah	1	945001	950000	950,000	0.15
MCBFSL - Trustee ABL Islamic Stock Fund	1	970001	975000	973,000	0.15
MCB Islamic Bank Limited	3	995001	1000000	3,000,000	0.47
Naveed Anwar	1	1010001	1015000	1,014,500	0.16
CDC - Trustee UBL Stock Advantage Fund	1	1030001	1035000	1,031,500	0.16
Morgan Stanley Mauritius Company Limited (1130-1)	1	1070001	1075000	1,074,000	0.17
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	1085001	1090000	1,085,500	0.17
CDC - Trustee Lakson Equity Fund	1	1145001	1150000	1,147,867	0.18
Muhammad Farooq	1	1155001	1160000	1,160,000	0.18
CDC - Trustee Meezan Energy Fund	1	1175001	1180000	1,176,000	0.19
Russell Insti Fnds PLC - Consilium Investment Management	1	1290001	1295000	1,292,487	0.20
CDC - Trustee Atlas Stock Market Fund	1	1345001	1350000	1,350,000	0.21
CDC - Trustee Al-Ameen Shariah Stock Fund	1	1445001	1450000	1,446,500	0.23

PATTERN OF SHAREHOLDING

Name of Shareholders*	Number of Shareholders	Shareholdings		Total Shares Held	Percentage
		From	To		
CDC - Trustee HBL - Stock Fund	1	1465001	1470000	1,466,000	0.23
CDC - Trustee Meezan Asset Allocation Fund	1	1475001	1480000	1,479,500	0.23
Fazal Holdings (Pvt.) Limited	1	1525001	1530000	1,525,500	0.24
Shahbaz Yasin Malik	1	1600001	1605000	1,603,000	0.25
CDC - Trustee Nafa Islamic Stock Fund	1	1610001	1615000	1,612,500	0.25
Naveena Exports (Pvt) Limited	1	1705001	1710000	1,706,000	0.27
Shahid Malik	1	1780001	1785000	1,780,500	0.28
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	1795001	1800000	1,800,000	0.28
CDC - Trustee Nafa Islamic Energy Fund	1	1885001	1890000	1,888,500	0.30
CDC - Trustee MCB Pakistan Stock Market Fund	1	1900001	1905000	1,902,500	0.30
Umair Amanullah	1	2045001	2050000	2,050,000	0.32
Ishares Core MSCI Emerging Markets ETF	1	2070001	2075000	2,074,500	0.33
CDC - Trustee Meezan Balanced Fund	2	2085001	2090000	4,173,500	0.66
Azneem Bilwani (P)	1	2105001	2110000	2,108,500	0.33
CDC - Trustee ABL Stock Fund	1	2315001	2320000	2,318,000	0.37
CDC - Trustee Nafa Stock Fund	1	2385001	2390000	2,386,500	0.38
Sui Southern Gas Company Limited	1	2410001	2415000	2,414,174	0.38
Faisal Wazir Ali	1	2430001	2435000	2,430,500	0.38
Russell Investment Company - Russell Emerging Markets Fund	1	2450001	2455000	2,453,684	0.39
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1	2475001	2480000	2,475,500	0.39
CDC - Trustee PICIC Investment Fund	1	2485001	2490000	2,488,024	0.39
Sindh Bank Limited	1	2530001	2535000	2,532,500	0.40
Dawood Foundation	1	2580001	2585000	2,581,045	0.41
Oaks Emerging Umbrella Fund Public Limited Company	1	2595001	2600000	2,597,000	0.41
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	2730001	2735000	2,731,000	0.43
CDC - Trustee Al Meezan Mutual Fund	1	2840001	2845000	2,841,500	0.45
Acadian Frontier Markets Equity Fund	1	3885001	3890000	3,887,883	0.61
CDC - Trustee NIT State Enterprise Fund	1	5110001	5115000	5,113,067	0.81
Consilium Frontier Equity Fund LP	1	6755001	6760000	6,756,678	1.07
Trustee - MCB Employees Pension Fund	1	7165001	7170000	7,169,500	1.13
Magna Umbrella Fund PLC - Magna New Frontiers Fund	1	8580001	8585000	8,582,000	1.35
Pakistan Reinsurance Company Limited	1	8695001	8700000	8,698,203	1.37
CDC - Trustee PICIC Growth Fund	1	9910001	9915000	9,911,246	1.56
Adamjee Insurance Company Limited	1	10045001	10050000	10,045,095	1.58
State Life Insurance Corporation of Pakistan	1	10725001	10730000	10,725,728	1.69
Employees Old Age Benefits Institution	1	12660001	12665000	12,660,753	2.00
EFU Life Assurance Limited	1	14710001	14715000	14,713,750	2.32
Jubilee Life Insurance Company Limited	1	14805001	14810000	14,808,500	2.33
CDC - Trustee Meezan Islamic Fund	1	14965001	14970000	14,966,000	2.36
State Life Insurance Corporation of Pakistan	1	16755001	16760000	16,757,409	2.64
CDC - Trustee National Investment (Unit) Trust	1	19640001	19645000	19,642,326	3.10
MCB Bank Limited - Treasury	1	27235001	27240000	27,238,510	4.29
SNGPL Employees Empowerment Trust	1	27395001	27400000	27,399,709	4.32
National Bank of Pakistan	1	28605001	28610000	28,605,318	4.51
Pakistan Industrial Development Corporation (Pvt) Limited	1	38160001	38165000	38,164,538	6.02
The President of Islamic Republic of Pakistan	1	200930001	200935000	200,931,210	31.68
	15,467			634,216,665	100.00

* Name of shareholders have been specified where shares are held by a single shareholder.

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2017

Categories of Shareholders	Folios	Shares Held	Percentage
Government of Pakistan			
The President of Islamic Republic of Pakistan	1	200,931,210	31.68
Directors and their spouse(s) and minor children			
Mr. Muhammad Saeed Mehdi	1	2,500	0.00
Mian Misbah-ur-Rehman	1	17,000	0.00
Mirza Mahmood Ahmad	2	3,077	0.00
Mr. Ahmad Aqeel	1	3,000	0.00
Mr. Mustafa Ahmad Khan	1	3,000	0.00
Associated Companies, undertakings and related parties			
Sui Southern Gas Company Limited	1	2,414,174	0.38
Executives	8	22,041	0.00
Public Sector Companies and Corporations	17	104,810,017	16.53
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	64	84,247,931	13.28
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	2,488,024	0.39
CDC - Trustee PICIC Growth Fund	1	9,911,246	1.56
CDC - Trustee Meezan Balanced Fund	1	2,086,000	0.33
CDC - Trustee First Dawood Mutual Fund	1	20,000	0.00
CDC - Trustee AKD Index Tracker Fund	1	63,670	0.01
CDC - Trustee Meezan Islamic Fund	1	14,966,000	2.36
CDC - Trustee NIT State Enterprise Fund	1	5,113,067	0.81
CDC - Trustee NIT-Equity Market Opportunity Fund	1	492,649	0.08
CDC - Trustee KSE Meezan Index Fund	1	464,033	0.07
CDC - Trustee First Capital Mutual Fund	1	20,000	0.00
CDC - Trustee National Investment (Unit) Trust	1	19,642,326	3.10
CDC - Trustee Nafa Islamic Energy Fund	1	1,888,500	0.30
CDC - Trustee MCB Pakistan Stock Market Fund	1	1,902,500	0.30
CDC - Trustee PICIC Investment Fund	1	215,000	0.03
CDC - Trustee PICIC Growth Fund	1	416,000	0.07
CDC - Trustee Alhamra Islamic Stock Fund	1	516,000	0.08
CDC - Trustee Atlas Stock Market Fund	1	1,350,000	0.21
CDC - Trustee Faysal Balanced Growth Fund	1	120,000	0.02
CDC - Trustee Alfalah GHP Value Fund	1	545,000	0.09
CDC - Trustee PICIC Energy Fund	1	634,500	0.10
CDC - Trustee Al Meezan Mutual Fund	1	2,841,500	0.45
CDC - Trustee Faysal Asset Allocation Fund	1	205,000	0.03
CDC - Trustee UBL Stock Advantage Fund	1	1,031,500	0.16
CDC - Trustee Atlas Islamic Stock Fund	1	650,000	0.10
CDC - Trustee Al-Ameen Shariah Stock Fund	1	1,446,500	0.23
CDC - Trustee Nafa Stock Fund	1	2,386,500	0.38
CDC - Trustee Dawood Islamic Fund	1	18,500	0.00
CDC - Trustee APF-Equity Sub Fund	1	54,000	0.01
CDC - Trustee Alfalah GHP Islamic Stock Fund	1	2,731,000	0.43
CDC - Trustee HBL - Stock Fund	1	1,466,000	0.23
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	1,085,500	0.17
CDC - Trustee APIF - Equity Sub Fund	1	60,000	0.01
CDC - Trustee HBL Multi - Asset Fund	1	137,500	0.02
CDC - Trustee Alfalah GHP Stock Fund	1	728,100	0.11
CDC - Trustee Alfalah Ghp Alpha Fund	1	441,500	0.07
CDC - Trustee ABL Stock Fund	1	2,318,000	0.37
CDC - Trustee First Habib Stock Fund	1	10,000	0.00
CDC - Trustee Lakson Equity Fund	1	1,147,867	0.18

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Folios	Shares Held	Percentage
CDC - Trustee HBL Islamic Stock Fund	1	355,000	0.06
CDC - Trustee PICIC Stock Fund	1	122,000	0.02
CDC - Trustee HBL IPF Equity Sub Fund	1	57,000	0.01
CDC - Trustee HBL PF Equity Sub Fund	1	64,000	0.01
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1	90,000	0.01
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	104,000	0.02
CDC - Trustee First Habib Islamic Stock Fund	1	45,000	0.01
MCBFSL - Trustee ABL Islamic Stock Fund	1	973,000	0.15
CDC - Trustee PIML Strategic Multi Asset Fund	1	50,000	0.01
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	446,000	0.07
CDC - Trustee PIML Islamic Equity Fund	1	70,000	0.01
CDC - Trustee PICIC Islamic Stock Fund	1	250,500	0.04
CDC - Trustee Nafa Islamic Stock Fund	1	1,612,500	0.25
CDC - Trustee PIML Value Equity Fund	1	63,000	0.01
CDC - Trustee NIT Islamic Equity Fund	1	65,000	0.01
CDC - Trustee Faysal Islamic Asset Allocation Fund	1	290,000	0.05
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1	2,475,500	0.39
CDC - Trustee PIML Asset Allocation Fund	1	90,000	0.01
CDC - Trustee Nafa Islamic Active Allocation Equity Fund	1	568,000	0.09
CDC - Trustee HBL Islamic Asset Allocation Fund	1	185,500	0.03
CDC - Trustee Meezan Asset Allocation Fund	1	1,479,500	0.23
CDC - Trustee Lakson Tactical Fund	1	159,810	0.03
CDC - Trustee Lakson Islamic Tactical Fund	1	21,361	0.00
CDC - Trustee Meezan Energy Fund	1	1,176,000	0.19
MCBFSL - Trustee ABL Islamic Dedicated Stock Fund	1	931,500	0.15
CDC - Trustee AGIPF Equity Sub Fund	1	10,000	0.00
CDC - Trustee AGPF Equity Sub Fund	1	9,800	0.00
General Public			
a. Local	14,523	52,809,703	8.33
b. Foreign	504	2,059,912	0.32
Foreign Companies	64	35,057,335	5.53
Others			
a. SNGPL Employees Empowerment Trust	1	27,399,709	4.32
b. Joint Stock Companies	129	11,750,246	1.85
c. All others	84	19,308,357	3.04
Total	15,467	634,216,665	100.00
Share holders holding 5% or more		Shares Held	Percentage
The President of Islamic Republic of Pakistan		200,931,210	31.68
Pakistan Industrial Development Corp. (Pvt) Limited		38,164,538	6.02
All trades in the shares of the Company, carried out by its Directors, CEO, CFO, Company Secretary and their spouse(s) and minor children during the financial year: (Namewise detail)			Purchased
Mian Misbah-ur-Rehman			2,000
Mrs. Kausar Hameed Ahmad (Spouse of Mr. Mustafa Ahmad Khan)			(50,000)

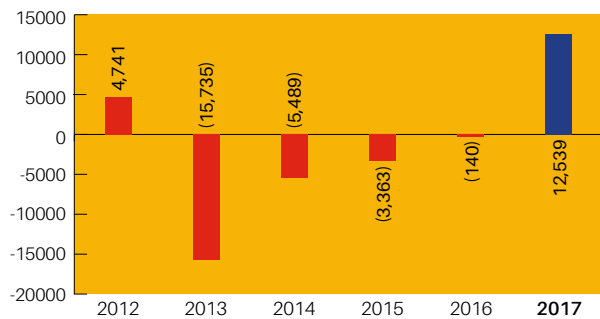
SUMMARY OF SIX YEARS

Particulars	Unit	2017	2016	2015	2014	2013	2012
Profit and loss account							
Net turnover	Rs ' 000	346,308,284	250,646,588	212,520,573	220,760,878	205,662,047	216,652,317
Gross profit / (loss)	Rs ' 000	19,698,652	4,222,419	2,146,341	633,539	(15,350,738)	7,229,803
Operating profit / (loss)	Rs ' 000	17,889,719	4,263,133	619,719	(483,267)	(9,634,740)	8,153,213
Profit / (Loss) before tax	Rs ' 000	12,539,199	(139,608)	(3,363,009)	(5,488,724)	(15,734,979)	4,740,885
Profit / (Loss) after tax	Rs ' 000	8,614,500	124,013	(2,494,500)	(3,964,575)	(9,749,089)	3,043,996
Earnings / (Loss) before interest, taxes, depreciation and amortization (EBITDA)	Rs ' 000	30,352,804	14,865,666	10,288,894	8,381,830	(934,100)	16,418,024
Balance sheet							
Share capital	Rs ' 000	6,342,167	6,342,167	6,342,167	6,342,167	6,342,167	5,765,606
Reserves	Rs ' 000	4,253,626	(2,644,836)	(2,768,849)	(274,130)	3,690,445	15,458,174
Property, plant and equipment	Rs ' 000	164,102,403	136,000,051	114,476,508	104,543,542	98,397,094	92,769,426
Net current (liabilities) / assets	Rs ' 000	(6,205,190)	(16,713,885)	(24,618,696)	(26,803,561)	(21,570,400)	533,568
Long term / deferred liabilities	Rs ' 000	150,280,396	119,076,582	88,562,843	73,960,641	69,317,457	74,373,427
Summary of cash flows							
Net cash from operating activities	Rs ' 000	21,876,902	10,954,255	11,635,935	13,749,697	17,707,352	10,215,571
Net cash used in investing activities	Rs ' 000	(38,476,828)	(30,218,519)	(18,540,378)	(14,500,221)	(13,781,730)	(10,932,565)
Net cash from / (used in) financing activities	Rs ' 000	18,463,857	19,635,863	7,814,602	285,993	(4,083,520)	(111,802)
Net increase / (decrease) in cash and cash equivalents	Rs ' 000	1,863,931	371,599	910,159	(464,531)	(157,898)	(828,796)
Investor information for six years							
Profitability ratios							
Gross profit ratio	%	6.16	1.76	1.12	0.31	(6.85)	3.14
Net profit to sales	%	2.69	0.05	(1.31)	(1.92)	(4.35)	1.32
EBITDA margin	%	9.49	6.20	5.39	4.06	(0.42)	7.13
Return on equity	%	120.54	3.41	(51.75)	(49.25)	(62.38)	15.24
Return on capital employed	%	6.83	1.32	(0.92)	(2.82)	(9.90)	6.05
Efficiency ratios							
Operating cycle	Days	72	88	105	96	106	88
Inventory turnover ratio	Times	58.13	246.72	212.68	217.61	229.75	272.96
Debtor turnover ratio	Times	5.53	4.20	3.54	3.88	3.51	4.19
Total asset turnover ratio	Times	0.99	0.95	0.93	1.23	1.36	1.32
Fixed asset turnover ratio	Times	1.95	1.76	1.67	1.97	2.28	2.48
Weighted average cost of debt	%	2.63	2.67	3.09	5.35	6.60	4.36
Investment							
Earnings / (loss) per share (Basic and diluted)	Rs /Share	13.58	0.20	(3.93)	(6.25)	(15.37)	4.80
Market value per share	Rs /Share	148.92	36.29	26.64	22.65	20.06	16.89
Share's highest value during the year	Rs /Share	185.00	38.73	29.75	28.80	27.20	23.60
Share's lowest value during the year	Rs /Share	36.25	18.86	18.50	19.50	15.92	15.25
Price earning ratio	Times	10.96	185.59	(6.77)	(3.62)	(1.30)	3.52
Break up value per share	Rs /Share	16.71	5.83	5.63	9.57	15.82	36.81
Bonus shares issued	Ratio	-	-	-	-	-	10%
Cash dividend per share	Rs /Share	6.00	-	-	-	-	2.50
Leverage							
Debt: equity ratio	%	84	91	83	63	50	37
Dividend yield ratio	%	4.03	-	-	-	-	14.80
Dividend payout ratio	%	44.17	-	-	-	-	47.35
Interest cover ratio	Times	3.34	0.97	0.16	(0.10)	(1.58)	2.39
Dividend cover ratio	Times	2.26	-	-	-	-	2.11
Current ratio	Times	0.96	0.87	0.78	0.69	0.75	1.01
Quick / Acid test ratio	Times	0.88	0.84	0.75	0.65	0.71	0.97
Statement of value added & how distributed							
Employees as remuneration	Rs ' 000	15,758,036	11,209,040	9,894,515	10,161,720	8,199,332	7,726,425
Government as taxes	Rs ' 000	54,395,635	49,800,909	40,762,190	45,781,896	49,762,787	38,391,421
Shareholders as dividends	Rs ' 000	3,805,300	-	-	-	-	1,441,402
Retained with the business	Rs ' 000	(4,159,356)	(7,252,518)	(7,376,531)	(4,881,812)	(917,237)	8,832,529
Financial charges to providers of finance	Rs ' 000	5,350,520	4,402,741	3,982,728	5,005,457	6,053,916	3,397,081

GRAPHICAL PRESENTATION

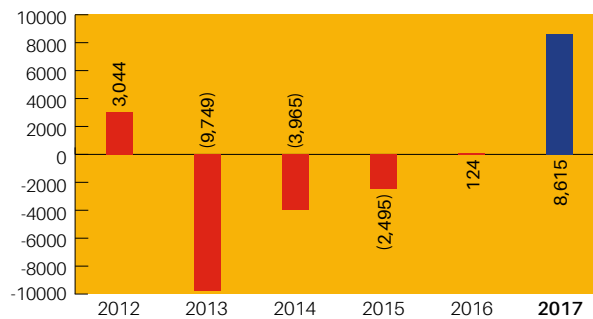
Profit before taxation

(Rupees in million)



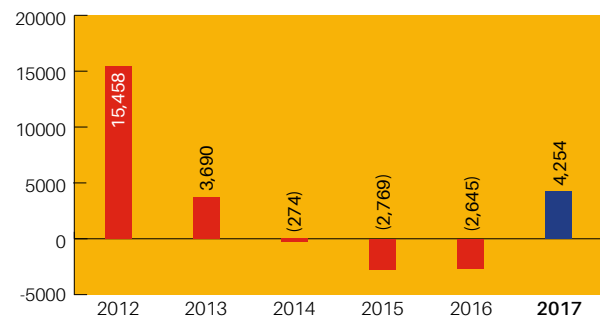
Profit after taxation

(Rupees in million)



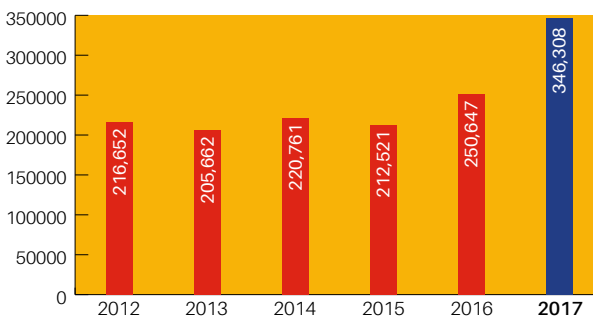
Reserves

(Rupees in million)



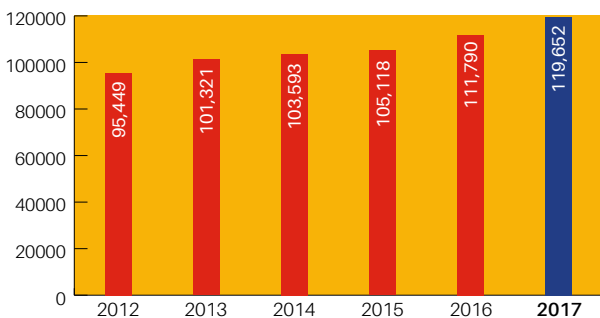
Net Turnover

(Rupees in million)



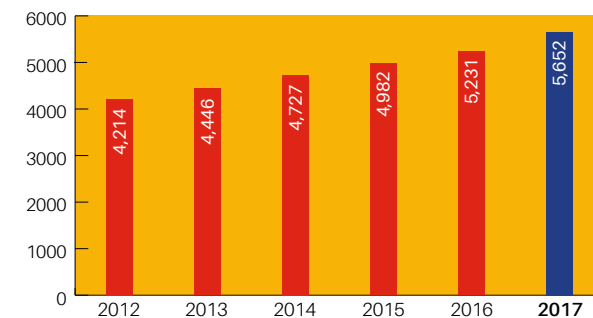
Transmission and Distribution System

(in kilometers)



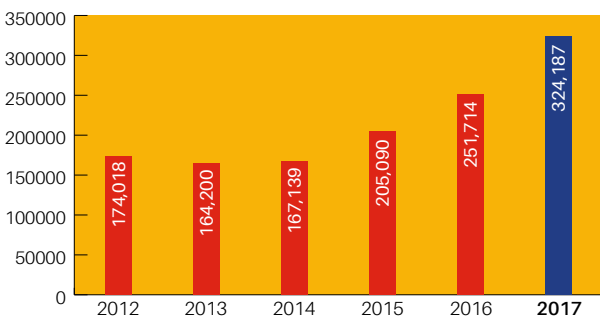
Customers

(Numbers in thousand)



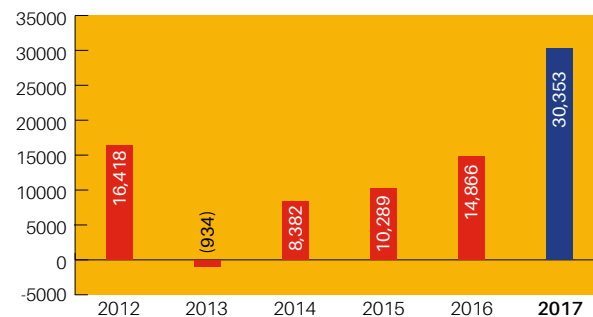
Growth of Total Assets

(Rupees in million)



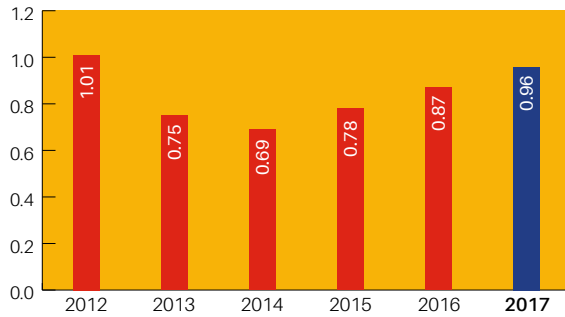
EBITDA

(Rupees in million)

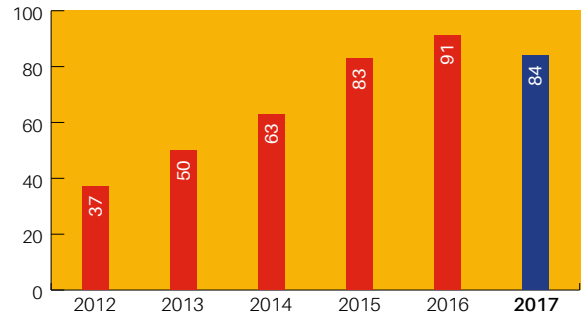


Current Ratio

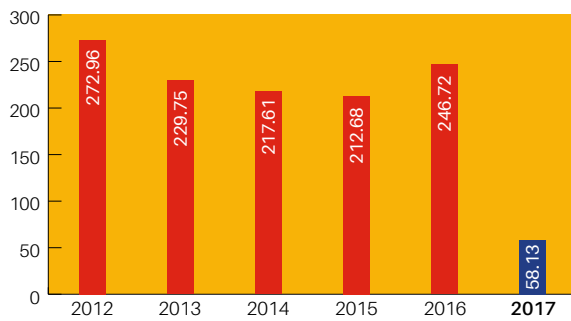
(in times)

**Debt Equity Ratio**

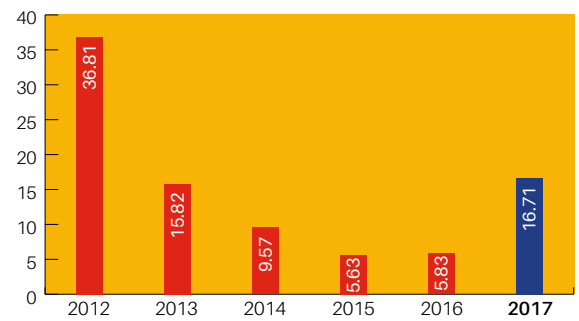
(in percentage)

**Inventory Turnover Ratio**

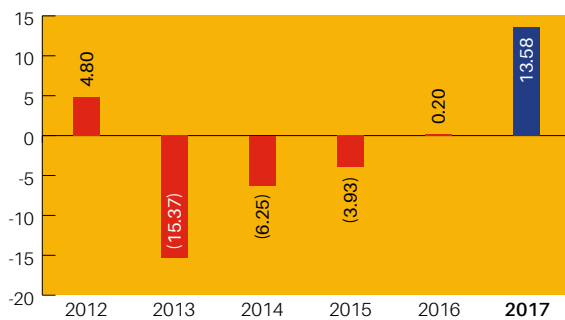
(in times)

**Breakup Value per Share**

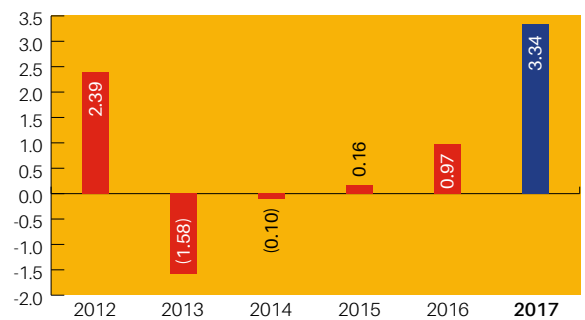
(Rupees per share)

**Earnings / (Loss) Per Share**

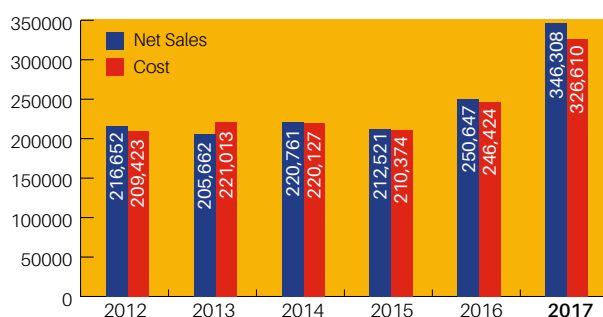
(Rupees per Share)

**Interest Cover Ratio**

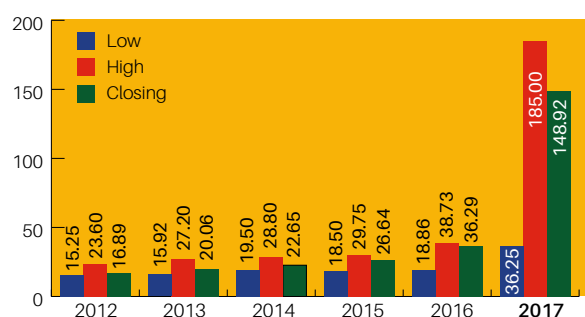
(in times)

**Net Sales and Cost Analysis**

(Rupees in million)

**Share's Value**

(Rupees per share)



HORIZONTAL ANALYSIS

	Jun 30, 12	Jun 30, 13	Jun 30, 14	Jun 30, 15	Jun 30, 16	Jun 30, 17
BALANCE SHEET ITEMS						
Assets						
Non-current assets						
Property, plant and equipment	100	106	113	123	147	177
Intangible assets	100	9	43	36	89	67
Deferred taxation	100	100	100	100	100	100
Long term investment	100	100	100	100	100	100
Long term loans	100	106	131	147	170	194
Employee benefits	100	118	100	0	37	57
Long term deposits and prepayments	100	48	52	48	68	85
	100	106	112	123	147	176
Current assets						
Stores and spare parts	100	120	156	150	193	208
Stock in trade	100	127	112	121	114	1210
Trade debts	100	74	71	77	79	79
Loans and advances	100	250	657	592	1168	972
Trade deposits and short term prepayments	100	94	189	96	92	130
Interest accrued	100	82	117	89	93	67
Other receivables	100	393	52	26998	46140	79962
Income tax recoverable - Net	100	237	208	192	231	180
Sales tax recoverable	100	100	100	100	100	100
Cash and bank balances	100	86	43	49	158	324
	100	80	76	112	142	199
Total assets	100	94	96	118	145	186
Equity and liabilities						
Share capital and reserves						
Authorized share capital (1,500,000,000 ordinary shares of Rs 10 each)	100	100	100	100	100	100
Issued, Subscribed and paid up share capital	100	110	110	110	110	110
Revenue reserves	100	24	(2)	(18)	(17)	28
Total equity	100	47	29	17	17	50
Non-current liabilities						
Long term financing:						
- Secured	100	67	73	180	459	658
- Unsecured	100	102	86	66	52	46
Security deposits	100	111	147	160	170	191
Deferred Credit	100	99	94	96	112	142
Deferred tax	100	30	1	-	-	-
Employee benefits	100	159	204	307	388	462
	100	93	99	119	160	202
Current liabilities						
Trade and other payables	100	105	103	142	163	206
Interest / Mark up accrued	100	146	171	197	229	260
Short term borrowings	100	100	98	14	100	100
Current portion of long term financing	100	99	100	102	64	188
Sales Tax payable	100	-	83	-	-	-
	100	108	111	144	164	208
Total liabilities	100	101	105	132	162	205
Total equity and liabilities	100	94	96	118	145	186
PROFIT AND LOSS ITEMS						
Gas sales	100	97	90	83	104	139
Add / (Less): Differential Margin / (Gas Development Surcharge)	100	135	(107)	(159)	(81)	(194)
	100	95	102	98	116	160
Cost of gas sold	100	106	105	100	118	156
Gross profit	100	(212)	9	30	58	272
Other operating income	100	171	107	116	131	121
	100	1	64	78	99	188
Less: Operating expenses						
Selling Cost	100	143	168	179	165	136
Administrative expenses	100	110	123	136	154	208
	100	129	149	161	161	167
	100	(100)	(4)	11	49	205
Other operating expenses	100	53	10	45	24	78
Operating profit / (loss)	100	(118)	(6)	8	52	219
Finance cost	100	179	147	117	129	157
Profit / (loss) before taxation	100	(332)	(116)	(71)	(3)	264
Taxation	100	(353)	(90)	(51)	(16)	231
Profit / (loss) after taxation	100	(320)	(130)	(82)	4	283
Earnings / (loss) per share - Basic and diluted (Rupees)	100	(320)	(130)	(82)	4	283

VERTICAL ANALYSIS

	Jun 30, 12	Jun 30, 13	Jun 30, 14	Jun 30, 15	Jun 30, 16	Jun 30, 17
BALANCE SHEET ITEMS						
Assets						
Non-current assets						
Property, plant and equipment	53.31	59.93	62.55	55.82	54.03	50.62
Intangible assets	0.08	0.01	0.03	0.02	0.05	0.03
Deferred taxation	0.00	0.00	0.00	0.91	0.89	0.40
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00
Long term loans	0.14	0.16	0.19	0.18	0.17	0.15
Employee benefits	1.09	1.36	1.14	0.00	0.28	0.34
Long term deposits and prepayments	0.01	0.00	0.00	0.00	0.00	0.00
	54.63	61.46	63.92	56.93	55.42	51.54
Current assets						
Stores and spare parts	1.06	1.34	1.72	1.35	1.41	1.18
Stock in trade	0.49	0.65	0.57	0.50	0.38	3.17
Trade debts	42.14	33.17	30.94	27.40	22.99	17.83
Loans and advances	0.09	0.23	0.60	0.44	0.71	0.46
Trade deposits and short term prepayments	0.07	0.07	0.14	0.06	0.05	0.05
Interest accrued	0.01	0.01	0.01	0.01	0.01	0.00
Other receivables	0.05	0.20	0.03	10.85	15.11	20.33
Income tax recoverable - Net	0.82	2.07	1.78	1.34	1.32	0.80
Sales tax recoverable	0.00	0.20	0.00	0.85	1.90	3.51
Short term investments	0.00	0.00	0.00	0.00	0.00	0.00
Cash and bank balances	0.65	0.59	0.29	0.27	0.71	1.13
	45.37	38.54	36.08	43.07	44.58	48.46
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Equity and liabilities						
Share capital and reserves						
Authorized share capital (1,500,000,000 ordinary shares of Rs 10 each)						
Issued, Subscribed and paid up share capital	3.31	3.86	3.79	3.09	2.52	1.96
Revenue reserves	8.88	2.25	(0.16)	(1.35)	(1.05)	1.31
Total equity	12.20	6.11	3.63	1.74	1.47	3.27
Non-current liabilities						
Long term financing:						
- Secured	4.31	3.05	3.29	6.58	13.68	15.23
- Unsecured	0.62	0.67	0.56	0.35	0.23	0.16
Security deposits	11.62	13.62	17.82	15.82	13.64	11.90
Deferred Credit	19.15	20.17	18.65	15.67	14.86	14.55
Deferred tax	5.21	1.63	0.06	0.00	0.00	0.00
Employee benefits	1.83	3.07	3.87	4.75	4.90	4.53
	42.74	42.22	44.25	43.18	47.31	46.36
Current liabilities						
Trade and other payables	36.67	40.70	39.39	44.30	41.30	40.64
Sales tax Payable	0.62	0.00	0.53	0.00	0.00	0.00
Interest / Mark up accrued	5.56	8.63	9.91	9.29	8.80	7.78
Short term borrowing	0.57	0.61	0.58	0.07	0.40	0.31
Current portion of long term financing	1.64	1.73	1.70	1.42	0.73	1.65
	45.06	51.67	52.12	55.08	51.22	50.38
Total liabilities	87.80	93.89	96.37	98.26	98.53	96.73
Contingencies and Commitments						
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
PROFIT AND LOSS ITEMS						
Gas sales	100.00	100.00	100.00	100.00	100.00	100.00
Add / (Less): Differential Margin / (Gas Development Surcharge)	(5.91)	(8.21)	7.04	11.37	4.59	8.24
	94.09	91.79	107.04	111.37	104.59	108.24
Cost of gas sold	90.95	98.64	106.73	110.25	102.83	102.09
Gross profit	3.14	(6.85)	0.31	1.12	1.76	6.16
Other operating income	3.95	6.94	4.73	5.52	4.96	3.44
	7.09	0.09	5.04	6.64	6.73	9.59
Less: Operating expenses						
Selling cost	1.81	2.65	3.38	3.90	2.87	1.76
Administrative expenses	1.34	1.51	1.84	2.20	1.99	2.01
	3.15	4.16	5.22	6.10	4.86	3.77
Other operating expenses	3.95	(4.08)	(0.19)	0.55	1.87	5.82
	0.41	0.22	0.05	0.22	0.09	0.23
Operating profit / (loss)	3.54	(4.30)	(0.23)	0.32	1.78	5.59
Finance cost	1.48	2.72	2.43	2.09	1.84	1.67
Profit / (loss) before taxation	2.06	(7.02)	(2.66)	(1.76)	(0.06)	3.92
Taxation	0.74	(2.67)	(0.74)	(0.46)	(0.11)	1.23
Profit / (loss) after taxation	1.32	(4.35)	(1.92)	(1.31)	0.05	2.69

TEN YEARS AT A GLANCE

	2017	2016	2015
BALANCE SHEET - SUMMARY			
Paid up share capital	6,342,167	6,342,167	6,342,167
Revenue reserves	4,253,626	(2,644,836)	(2,768,849)
Deferred credit	47,168,154	37,405,489	32,142,949
Non-Current Liabilities			
Long term loans outstanding			
Local	504,067	569,903	718,778
- Foreign	-	-	-
- Banking companies	49,359,799	34,425,000	13,500,000
Long term security deposits	38,566,630	34,343,735	32,452,229
Deferred liabilities - taxation	-	-	-
Employee benefit	14,681,746	12,332,455	9,748,887
Current Liabilities			
	163,310,619	128,939,602	112,953,347
	324,186,808	251,713,515	205,089,508
Non-Current Assets			
	167,081,379	139,487,798	116,754,857
Current Assets			
	157,105,429	112,225,717	88,334,651
	324,186,808	251,713,515	205,089,508
PROFIT AND LOSS - SUMMARY			
Sales	319,935,128	239,636,172	190,819,014
Add/(Less) differential margin / (Gas development surcharge)	26,373,156	11,010,416	21,701,559
Net Sales			
	346,308,284	250,646,588	212,520,573
Cost of gas sold	326,609,632	246,424,169	210,374,232
Gross Profit			
	19,698,652	4,222,419	2,146,341
Other operating income	10,992,947	11,896,988	10,525,247
	30,691,599	16,119,407	12,671,588
Expenditure			
Operating expenses	12,072,161	11,635,404	11,630,537
Finance cost	5,350,520	4,402,741	3,982,728
Other charges	729,719	220,870	421,332
	18,152,400	16,259,015	16,034,597
Profit / (loss) before taxation			
	12,539,199	(139,608)	(3,363,009)
Provision for taxation			
	3,924,699	(263,621)	(868,509)
Profit / (loss) after taxation			
	8,614,500	124,013	(2,494,500)
Earnings / (loss) per share (Basic and diluted)/(Rupees)			
	13.58	0.20	(3.93)
Dividend (%)			
	60	-	-
Bonus shares (%)			
	-	-	-
Number of employees - Operation			
	8,764	8,819	8,772
- Project			
	420	384	290
	9,184	9,203	9,062
Gas sales (MMCF)			
	615,003	534,922	463,393
Consumers (In Numbers)			
	5,691,743	5,271,039	5,021,956
Customers (In Numbers)			
Industrial	5,755	5,754	6,453
Commercial	53,553	53,271	54,047
Domestic	5,592,726	5,172,305	4,921,747
	5,652,034	5,231,330	4,982,247
Transmission and distribution system (in kilometers)			
Transmission mains	8,637	7,941	7,818
Distribution mains and services	111,015	103,849	97,300
	119,652	111,790	105,118

2014 **2013** **2012** **2011** **2010** **2009** **2008**

(Rupees in thousand)

6,342,167	6,342,167	5,765,606	5,491,053	5,491,053	5,491,053	5,491,053
(274,130)	3,690,445	15,458,174	13,237,836	13,211,026	10,656,463	11,647,796
31,168,532	33,118,345	33,315,790	32,768,270	33,017,791	32,000,133	31,386,548
932,097	1,103,835	1,086,313	1,324,177	1,251,220	1,471,659	1,774,432
-	-	-	-	-	326,653	943,531
5,500,000	5,000,000	7,500,000	9,500,000	-	-	62,500
29,782,655	22,369,143	20,227,669	16,477,801	14,899,244	11,439,969	9,068,102
107,968	2,677,154	9,066,835	8,369,991	8,758,231	8,178,211	7,562,412
6,469,389	5,048,980	3,176,820	1,130,074	1,232,171	392,249	336,667
87,110,028	84,849,817	78,420,597	50,431,414	61,376,573	52,595,572	29,374,602
167,138,706	164,199,886	174,017,804	138,730,616	139,237,309	122,551,962	97,647,643
106,832,239	100,920,469	95,063,639	91,263,252	88,240,778	79,211,266	62,788,440
60,306,467	63,279,417	78,954,165	47,467,364	50,996,531	43,340,696	34,859,203
167,138,706	164,199,886	174,017,804	138,730,616	139,237,309	122,551,962	97,647,643

(Rupees in thousand)

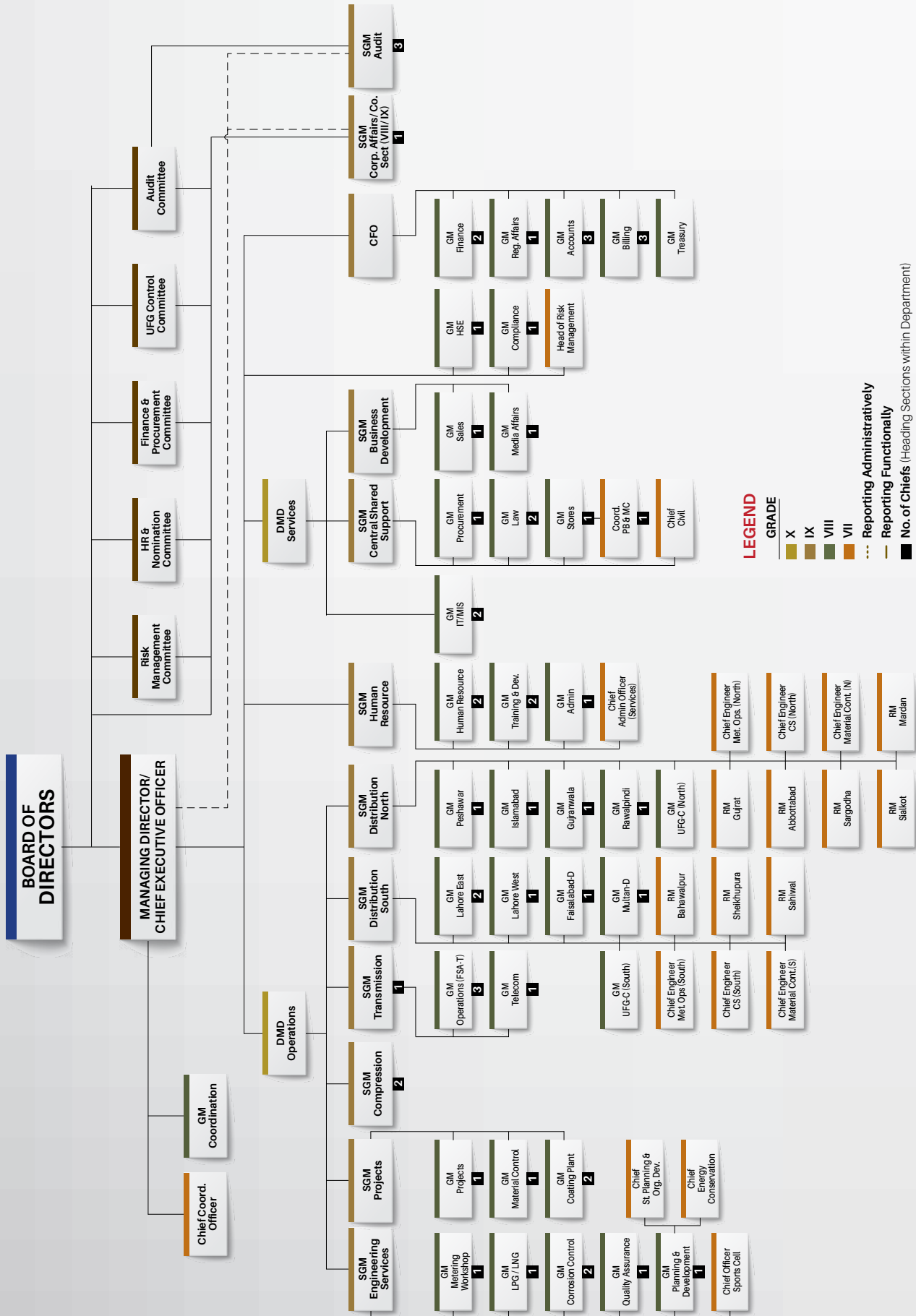
206,237,565	224,063,823	230,267,469	185,060,783	172,994,645	160,714,737	123,404,537
14,523,313	(18,401,776)	(13,615,152)	2,776,818	(11,364,817)	8,219,094	750,496
220,760,878	205,662,047	216,652,317	187,837,601	161,629,828	168,933,831	124,155,033
220,127,339	221,012,785	209,422,514	184,237,173	156,016,865	164,309,992	109,107,461
633,539	(15,350,738)	7,229,803	3,600,428	5,612,963	4,623,839	15,047,572
9,752,046	15,541,298	9,104,253	8,664,184	7,772,532	4,496,964	3,856,958
10,385,585	190,560	16,334,056	12,264,612	13,385,495	9,120,803	18,904,530
10,774,289	9,324,383	7,243,523	6,490,053	4,239,910	3,762,076	13,176,858
5,005,457	6,100,239	3,412,328	3,877,833	4,650,154	653,182	789,247
94,563	500,917	937,320	208,983	615,500	2,975,305	957,194
15,874,309	15,925,539	11,593,171	10,576,869	9,505,564	7,390,563	14,923,299
(5,488,724)	(15,734,979)	4,740,885	1,687,743	3,879,931	1,730,240	3,981,231
(1,524,149)	(5,985,890)	1,696,889	562,722	1,325,368	799,704	1,484,541
(3,964,575)	(9,749,089)	3,043,996	1,125,021	2,554,563	930,536	2,496,690
(6.25)	(15.37)	4.80	1.95	4.43	1.61	4.33
-	-	25	10	20	-	35
-	-	10	5	-	-	-

8,696	8,991	8,509	7,800	6,774	6,652	6,916
288	303	291	282	306	342	224
8,984	9,294	8,800	8,082	7,080	6,994	7,140
506,355	552,272	597,056	581,935	586,741	584,881	597,913
4,766,715	4,486,189	4,174,342	3,964,350	3,706,701	3,451,142	3,190,181

6,453	6,559	6,628	6,606	6,375	5,953	5,442
53,957	56,212	55,906	55,877	54,631	52,242	49,176
4,666,596	4,383,709	4,151,518	3,867,359	3,611,187	3,358,439	3,101,303
4,727,006	4,446,480	4,214,052	3,929,842	3,672,193	3,416,634	3,155,921

7,738	7,675	7,653	7,613	7,585	7,347	7,016
95,855	93,646	87,796	81,828	75,653	67,449	59,951
103,593	101,321	95,449	89,441	83,238	74,796	66,967

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Fax: 062-9255033

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Tel: 041-9210033-35
Fax: 041-9210037

GUJRANWALA

M.A. Jinnah Road.
Tel: 055-9200480-84
Fax: 055-9200486

GUJRAT

Plot No. 120-121,
State Life Building, G.T. Road.
Tel: 053-9260324
Fax: 053-9260321

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Plot No. 28-30, Sector I-9,
Industrial Area.
Tel: 051-9257713-19
Fax: 051-9257770

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21-Industrial Area,
Gurumangat Road, Gulberg-III.
Tel: 042-99263361-80
Fax: 042-99263389

MULTAN

Piran Ghaib Road.
Tel: 061-9220081-87
Fax: 061-9220090

MARDAN

Riffat Mahal, Main Nowshera Road,
Near Industrial Estate.
Tel: 093-7880017

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Plot No. 33, Sector B-2,
Phase 5, Hayatabad.
Tel: 091-9217748-50
Fax: 091-9217758

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