

سونى ناردرن گيس
Sui Northern Gas



Annual Report

For the **Financial Year ended on June 30, 2024**

Under Section 26 and 27 of the SOE Act, 2023



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DOCUMENT INFORMATION

Category	Information
Document	Statement of Corporate Intent (SCI) Report on Business Goals & Achievements FY 2023-24
Period	Financial Year ended on June 30 2024
Department	Finance
SCI Approval	BOD in its 606 th meeting on June 24, 2023.

DOCUMENT REVISION HISTORY

Description	Date	Version Ref.	Rationale for Revision / Comments
Half Yearly Report	11-07-2023	01 – 2024	Report on Business Goals & Achievements FY 2023-24
Fully Year Report	16-10-2024	02-2024	Annual Report FY 2023-24

1. Annual report for the Financial Year ended on 30th June, 2024

In pursuance of the Section 26(1) of the SOE Act 2023, following is the **annual report for FY 2023-24** on the form prescribed in **Schedule-VI**:

Description		SNGPL's Response
1	Name of State-Owned Enterprise	Sui Northern Gas Pipelines Limited
2	Incorporated/established	June 17, 1963
3	Subsidiaries included in this statement of Corporate Intent.	Nil
4	The audited financial statements required by this Act for the financial year to which it relates.	<p>Company's Accounts for the year ended June 30, 2024 have not been finalized as the audit of accounts is in progress due to which company is not in a position to submit its Total Revenue Requirement (TRR) case to OGRA and the decision of the Oil and Gas Regulatory Authority (OGRA) is accordingly pending.</p> <p>However, since nine monthly Financial Statements for the period ended March 31, 2024 have been approved by the Board of Directors in its meeting held on November 20, 2024 and the same have been sent to the CMU and is being published on company's website.</p>
5	The report of the auditor for those financial statements, including compliance with this Act	Same as above
6	A review of operations during the financial year of the state-owned enterprise and its subsidiaries and the result of those operations	Review of operations shall be published as part of our Financial Statements under Chairman's Review and Directors' Report. Since the annual financial statements have not yet been finalized due to ongoing statutory audit and subsequent OGRA determination.
7	A report of the extent to which the state-owned enterprise and its subsidiaries have achieved the outcomes specified in the statement of corporate intent for the financial year.	Report on Business Goals & Achievements for FY 2023-24 is attached as Annexure-A
8	A statement of the dividend or distribution paid or to be paid by the state-owned enterprise to the State for the financial year.	<p>Due to non-finalization of accounts for FY 2023-24, the decision regarding declaration and payment of dividend is premature.</p> <p>However, dividends for FY 2022-23 amounting Rs.301 million has been paid in FY 2023-24.</p>
9	Details of any public service obligation agreement applicable during the financial year, including: <ol style="list-style-type: none"> the cost of the public service or services performed under the agreement; and 	Although Gas is being supplied to some sectors at a subsidized rate yet this does not come under public service obligation as the same is compensated through cross subsidy mechanism which is in accordance with the tariff determined by the regulator in consultation with the Federal



Description		SNGPL's Response
	ii. the revenue received by or payable to the state-owned enterprise under the agreement.	Govt. as provided in section 8(3) and 8(4) of OGRA Ordinance, 2002.
10	Details of any significant changes in the affairs of the state-owned enterprise during the financial year.	Approval by ECC of the cabinet for incorporation of RLNG diversion cost into the revenue requirement of the company and consequent increase in sales price. The consequent price increase has resulted into addressing the further flow of circular debt.
11	Details of any matter or circumstance arising since the end of the financial year that has significantly affected, or may significantly affect, the operations of the state-owned enterprise in future financial years.	Pursuant to government policy, likely closure of RLNG/gas to captive power plants which may result into increase in RLNG diversion and further piling up of circular debt.
12	Details of any breach of the code of conduct of the state-owned enterprise during the financial year.	Nil
13	Details of any information which is omitted from the annual report along with reasons for such omission.	Nil
14	Any other matter that the Federal Government directs the state-owned enterprise to include in the report.	Nil

Annexure-A: Progress on Business Goals & Achievements FY 2023-24

The Board of Directors approved 3-Year Business Plan for 2024-2026 during their 606th meeting on June 24, 2023. This comprehensive plan aims to leverage the Company's strengths and assets while considering the evolving environment and stakeholders' expectations. The plan is grounded in three fundamental principles/goals:

1. **Protect its Core** by implementing various initiatives
2. **Achieve Excellence** in business operations
3. **Grow** smarter and maintain its position in the energy sector by investing in right resources and pursuing new business opportunities.

The plan assumes stability in the Company's corporate structure, regulatory environment, and government control.

1. Protecting the Core

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

1.1. UFG Control [Sustainable UFG]:

Performance Measure/Target	Achievement
Annual UFG Target 4.50% [Combined for Indigenous Gas & RLNG and excluding losses in Oil & Gas producing areas of Khyber Pakhtunkhwa].	Since, it falls under the ambit of price sensitive information as defined in Securities Act, 2015 [Section-96] and PSX Regulations [Clause 5.6.1(a)], therefore actual UFG numbers for the year FY 2023-24, cannot be shared before publishing of the annual accounts. However, since nine monthly Financial Statements have been approved on November 20, 2025, therefore, actual consolidated UFG of the company for this period is being disclosed as 4.72%.
To pursue OGRA for revision of irrational Benchmark for UFG	OGRA has revised KMI based UFG benchmark to the extent of Distribution System while for Transmission System losses are already within the benchmark fixed by OGRA.

1.1. Manage Demand-Supply Gap

Performance Measure/Target	Achievement
Manage the demand of domestic sector with available supplies	Company is managing the supply of gas to domestic sector during cooking hours.
Promote Energy conservation thru installation of conical baffles, solar water heater and media campaigns etc.	200,000 conical baffles have been installed by the company into conventional geysers of the consumers having higher consumption pattern.
Promote TPA and bring additional shippers.	<ul style="list-style-type: none"> ▪ 68 MMCFD gas is being transported for third party shippers under TPA arrangement. ▪ Pipeline capacity equivalent to 250 MMCFD has been allocated to private terminal operators, however they are still to start their operations.

1.2. Improve Cashflow through:

a. Cope-up Irrational Pricing and Circular Debt

Performance Measure/Targets	Achievement
Target is to stop further accumulation through timely and sufficient revision of consumer gas sale prices from FY 2024.	<ul style="list-style-type: none"> Prices have been increased in November-2023 and February -2024. Due to the above price increase the accumulation of circular debt has significantly alleviated.
Target for recovery of already accumulated amounts through implementation of circular debt resolution committee's recommendations/ direct subsidies within FY 2024.	<ul style="list-style-type: none"> Resolution of circular debt in Gas sector is dependent upon materialization of various policy interventions by the GoP. The Ministry of Energy (PD) has conducted a comprehensive study to firm-up the figures of circular debt through KPMG. The consultant has submitted its report to MOE, which is under review by the ministry.

b. Address Extensive Litigation

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> Strengthening, reorganization and capacity building of law department. Pursue changes in tax related laws/ Gas Act through MOE Fully utilize provisions of Gas Act 2016 to expedite recoveries. Pursue cases at High/Supreme Court level. 	<ul style="list-style-type: none"> The company is in the process of hiring requisite resources for the purpose. The matter has been taken-up with the Finance division and Law & Justice division through MOE. The company is carrying out all out efforts for recovery of outstanding areres and vigorously following up the legal cases at all forums.

1. Optimize Operating Costs/Enhance Efficiency through Digitization

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> Improve work norms of various activities Digitize end-to-end processes and technological-based solutions 	<ul style="list-style-type: none"> In a recent CBA agreement work norms regarding meter reading and other physical activities have been improved. A pilot project for Digitization has been carried out and the same is in implementation and evaluation phase.

2. Excellence

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

2.1. Improve Market Perception thru Customer Services

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> Consumer awareness about energy conservation thru Increased footprint/outreach of Social Media platforms - 20% YoY. Use of Technology especially mobile application and SMS service - 25% YoY. 	<p>The company has launched its mobile based application "Connect on".</p> <p>The consumer can access this app and have 360 degree view of his/her account including lodgment of complaints etc.</p>

2.2. Improve Organizational Culture

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> ▪ Making Organizational Development (OD) function more effective through regular surveys on annual basis ▪ Inculcate Core Values through training of every employee including executives and subordinates [8 Hours mandatory for each year] ▪ Monitor and document cases of non-compliances and carry out interventions through training and disciplinary actions [Within 90 days of reporting of case] ▪ Establishing a robust organizational culture through regular training [8 Hours mandatory for each year]. 	<p>The company has its dedicated training institute and both technical and soft skill trainings are being conducted there.</p> <p>Mandatory training hours have also been made part of the annual appraisals and are being followed strictly.</p>

2.3. Capacity Building & Bridge the Skill Gap

Performance Measure/Targets	Achievement
Carry out formal TNA for all employees (once every 2 years)	Being carried out through annual appraisals of all employees.
Succession planning will be ensured as per best management practices.	The succession planning is being done in the best possible way.

2.4. Managing Third Party Access through Level Playing Field

Performance Measure/Targets	Achievement
<ul style="list-style-type: none"> ▪ Unutilized capacity to be made available for TPA, in line with FG's directions. ▪ To pursue the implementation of Full WACOG of indigenous gas and RLNG to remain price competitive, providing level playing field to all stakeholders. 	<ul style="list-style-type: none"> ▪ Unutilized pipeline capacity is uploaded on company's website on monthly basis. ▪ RLNG used in domestic sector has been made part of the WACOG of SNGPL and SSGC while for implementation of full WACOG the GoP has formed a ministerial committee which is working on the assignment.

3. Growth [Transformation into an Energy Company]

Performance Measure/Targets	Achievement
Maintain ROA stream at adequate levels	SNGPL has continued its prudent capital expenditures (CapEx) to optimize Return on Assets (ROA).
Explore business opportunities to diversify and compete with upcoming competitors.	<p>Consultants have been appointed for preparation of Techno-Economic Feasibilities of following businesses:</p> <ul style="list-style-type: none"> ▪ PE Pipe and Gas Regulator Manufacturing Plant ▪ Meter Manufacturing Plant <p>Feasibility studies prepared by the consultant(s) are under review and will be submitted to the</p>



Performance Measure/Targets	Achievement
	Board of Directors for their deliberation and investment decision.

4. Physical Targets

4.1. Distribution Development

Description	UOM	Performance Measure/Target (Annual)	Achievement
1 System Augmentation	KMs	250	21 (WIP for remaining)
2 Laying in New Town & Villages (against GOP directives) Completion of ongoing schemes	KMs	approx. 7,500 KMs in 3 yrs	1,246 (WIP for remaining)
3 Laying on 100% Cost Recovery Basis	KMs	630	115 (WIP for remaining)
4 New Connections [Domestic]	Nos.	Subject to FG policy (Govt. has allowed installation of connections on RLNG basis and in Karak Region on system gas basis).	16,167
5 New Connections – [Industrial, Commercial]	Nos.	3,050	1,985
6 Construction/Modification of TBS, DRS	Nos.	200	112 (WIP for remaining)

4.2. UFG Control Activities

Description	UOM	Performance Measure/Target (Annual)	Achievement
1 Underground Leakage	Survey/identification	KMs	50,000
	Rectification	KMs	50,000
2 System Rehabilitation Program	KMs	2,136	1,315
3 Replacement of Old Meters	Nos.	1.20 Mn	622,673
4 CP System (New/Renovation)	Nos.	New:53	10 (WIP for remaining)
		Renovation:147	12 (WIP for remaining)
5 Re-Inspection of Disconnected/Domestic Consumer	Nos.	30,000	9,941
6 Above Ground Leakage Rectification [AGLR]	Nos.	900,000	758,318
7 AGLR TBS/DRS	Nos.	13,000	15,823
8 Vigilance Commercial (Visits)	Nos.	242,668	236,887
9 Vigilance Domestic (Visits)	Nos.	1,600,000	1,500,132
10 Vigilance Industrial(Visits)	Nos.	35,724	30,535



Justification for missing targets: Actual achievement against a few of the physical targets is lagging due to delay in material procurement or other reasons beyond company's control e.g. GoP policies/third party NOCs etc. However, as budget sanctioned for capital expenditures are rolled-over to the next financial year, the pending works will be carried out in FY 2024-25.