



SUI NORTHERN GAS PIPELINES LIMITED

Ref: RA-TAR-12-13(F)-018

Date: January 23, 2015

Chairman,
Oil and Gas Regulatory Authority,
54, ZTE Plaza, Fazal e Haq Road,
Near PIA Building, Blue Area
Islamabad.

ISSUANCE OF FINAL REVENUE REQUIREMENT (FRR) FOR FY 2012-13 & FY 2013-14

Dear Sir,

Further to our letter reference RA-TAR-12-13(F)-016 dated September 15, 2014 on the subject cited above. Government of Pakistan (Ministry of Petroleum & Natural Resources) through its letter bearing No. DGO(AC)-5(426)/2012-13 Vol II Pt dated 11 December, 2014 has issued Policy Guidelines under Section 21 of OGRA Ordinance for determination of Revenue Requirements of Gas Utility Companies.

The Board of Directors (BOD) at their 434th & 440th meetings held on October 28, 2014 & January 21, 2015 respectively has shown grave concern over the inability of the Company to hold two consecutive annual general meeting (AGM) for FY 2012-13 and FY 2013-14. The BOD directed to take up the matter with the Authority clearly highlighting the anxiety of the share holders and legal consequences of non adherence to the Companies Ordinance.

The Company is continuously being reminded by Karachi Stock Exchange (KSE) of its legal obligation under the Companies Ordinance 1984 for submission of annual accounts for FY 2012-13 and FY 2013-14 and holding of Annual General Meeting within 4 months from the completion of financial year. The KSE also highlighted that there is an increasing concern among the share holders and investors about the fate of their investment in SNGPL due to non issuance of financial statements. Pakistan Credit Rating Agency (PACRA) has also put the Company's credit rating on watch list, which is likely to be revised downwards in case of further delay in publishing of accounts. Such an eventuality will significantly increase the borrowing cost while adversely impacting our ability to raise / borrow funds for upcoming capital intensive gas import projects.

It is further highlighted that the Company has projected a shortfall of Rs. 48.6 billion in the petition of FRR for FY 2012-13 and FY 2013-14, which is still outstanding despite a lapse of more than 15 months.

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