

# SUI NORTHERN GAS PIPELINES LIMITED

GAS HOUSE, 21 KASHMIR ROAD, P.O. BOX 56, LAHORE (PAKISTAN)

CA/PSX/1614

Thru: PUCARS/Courier

August 20, 2021

The General Manager,  
Pakistan Stock Exchange Limited (PSX),  
Stock Exchange Building,  
Stock Exchange Road,  
**KARACHI.**

The Director/HOD,  
Surveillance, Supervision & Enforcement Department,  
Securities and Exchange Commission of Pakistan,  
NIC Building, 63 Jinnah Avenue, Blue Area,  
**ISLAMABAD.**

**DISCLOSURE OF MATERIAL INFORMATION PURSUANT TO OGRA DECISION IN  
RESPECT OF DETERMINATION OF ESTIMATED REVENUE REQUIREMENT  
(DERR) OF THE COMPANY FOR FY 2021-22**

Dear Sir,

While determining the SNGPL petition for DERR FY 2021-22, Oil and Gas Regulatory Authority (OGRA), in its decision dated August 17, 2021 has in line with the tariff regime in vogue, reworked the Rate of Return on Average Net Assets (ROA) for the year 2021-22 at 16.60% as compared to the previous ROA rate of 17.43% determined up to 2020-21. Reduction in net rate of return will likely to have a negative impact on the profitability of the Company for FY 2021-22.

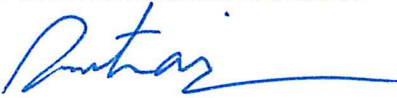
At the same time, OGRA has also advised the reduction in depreciation rates of the various operating assets particularly transmission and distribution network of the company from present rates of nearly 6% per annum to rates ranging from 2.5% to 5% per annum. This will result into increase in asset base of the Company and higher amount of returns over a longer period of time and consequently will have a positive impact on the profitability of the Company.

While the change in rate of depreciation would have a long term impact on the asset base and profitability of the Company, the net adverse impact on the profitability of FY 2021-22 due to reduction of rate is estimated to be Rs. 400 Million.

Thanks and regards.

Yours sincerely,

**SUI NORTHERN GAS PIPELINES LIMITED**

  
(IMTIAZ MEHMOOD)

Company Secretary

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