

The Board of Directors of Sylhet Gas Fields Limited

at the 37th Annual General Meeting

Bismillahir Rahmanir Rahim
Distinguished Shareholders
Assalamu Alaikum.

The Board of Directors of Sylhet Gas Fields Limited (SGFL) feels honored to welcome you all to the 37th Annual General Meeting of the Company and present before you the Company's Directors' report and the audited accounts report for your kind perusal and approval.

Respected Shareholders,

Natural gas plays a vital role in the development of Bangladesh. As it is cost-effective and environmentally friendly compared to other viable alternatives, its demand as a fuel has always increased. First discovered at Sylhet (Haripur) field in 1955, the use of natural gas in this land commenced by beginning the commercial supply of gas from Chhatak gas field in 1960. Sylhet Gas Fields Limited has had a close involvement in the discovery, production and supply of natural gas. First as PPL prior to independence, then as BPL after independence and finally since its incorporation as Sylhet Gas Fields Limited on 8th May, 1982 this company has been contributing significantly to the economy of this country by uninterrupted production of natural gas.

Respected Shareholders,

The fields of Sylhet Gas Fields Limited produce significant amount of condensate as the co-product of gas which has been being fractionated into Petrol, Diesel and Kerosene in the company's own fractionation plants since the very beginning. A 3750 BPD capacity fractionation plant was set up a decade ago near the Rashidpur gas field of SGFL with a view to properly evacuating the Bibiyana condensate of Chevron Bangladesh Ltd. The plant has been in operation since 2009. To accommodate the enhanced production of Bibiyana condensate in the wake of the expansion of Bibiyana field, a 4000 BPD capacity fractionation plant has been set up a few miles away from the former plant- which has been in operation since September-2018. Petroleum products produced in these plants are saving valuable foreign currency.

Every year SGFL pays the national treasury a substantial amount of revenue, in the form of VAT, Supplementary Duty and Income Tax. In the last 9 consecutive years SGFL received awards from the National Board of Revenue (NBR) for being among the highest VAT-payers in the country.

1.0 Overall condition of the producing gas fields

On 9th August 1975, Father of the Nation Bangabandhu Sheikh Mujibur Rahman established state ownership in the gas sector by purchasing 5 gas fields from Shell Petroleum Company Limited at a nominal price. Of the 5 gas fields, Kailashtilla and Rashidpur fields are being operated under Sylhet Gas Fields Limited and together they account for almost 90% of all gas produced by the company. In the reported year, a total of about 127 million cubic feet gas per day was being produced from the 12 wells of 4 gas fields owned by the company. Brief descriptions of the 4 gas fields are as below:

Haripur Gas Field:

Discovered in 1955, Haripur field is the oldest gas field of Bangladesh. 8 wells have been drilled in this field so far. According to the recent review report of 3-D seismic survey, prepared and presented by M/s. Schlumberger Seaco Inc., recoverable gas reserve of this field is 406 billion cubic feet. Up to 30th June, 2019 gas produced from this field was 215.14 billion cubic feet, which constitutes 52.99% of the recoverable reserve.

In 2018-2019, from the lone producing well Sylhet-7, gas was produced at an average rate of about 4 million cubic feet per day. The raw gas is processed in the silica-gel type plant at this field and is supplied to Jalalabad Gas Transmission and Distribution System Ltd. (JGTDSL). Besides, Petrol and Kerosene produced by fractionation of condensate at a daily average of 16 barrels supplied to the marketing companies of Bangladesh Petroleum Corporation (BPC).

Kailashtilla Gas Field:

Kailashtilla gas field was discovered in 1961. Number of drilled wells is 7. As per the latest data, recoverable gas reserve of Kailashtilla gas field is 1237.60 billion cubic feet. Up to 30th June 2019 a total of 743.68 billion cubic feet gas was produced from this field, constituting 60.09% of the recoverable reserve.

In the 2018-2019 fiscal year, gas was produced from 4 wells of this field at an average rate of 63 million cubic feet per day. The produced gas was processed in 1 silica-gel type and 1 Molecular Sieve Turbo-Expander (MSTE) type gas processing plants and supplied to JGTDSL and to the North-South pipeline of Gas Transmission Company Ltd (GTCL). Moreover, gas co-product condensate was fractionated at an average rate of 257 barrel-per-day in the fractionation plant at Kailashtilla to produce Petrol and Diesel which were supplied to marketing companies of BPC. Besides, an average daily amount of 471 barrels of NGL produced in the MSTE plant was supplied to Rupantarita Prakritik Gas Company Ltd (RPGCL).

Rashidpur Gas Field:

Since its discovery in 1960, 11 wells have been drilled in this field so far. According to the latest available data, recoverable gas reserve of Rashidpur field is 1853 billion cubic feet. Up to 30th June 2019 a total of 636.54 billion cubic feet gas was produced from this field, which constitutes 34.35% of the recoverable reserve.

In 2018-2019 fiscal year, 5 wells from this field produced gas at an average daily rate of about 51 million cubic feet which was processed in 1 glycol dehydration plant and 3 silica-gel type plants and supplied to North-South pipeline of GTCL. Daily condensate production was about 42 barrels.

Beanibazar Gas Field:

Beanibazar gas field was discovered in 1981 and has 2 wells. According to the RPS-2009 survey, Beanibazar field has a recoverable gas reserve of 203 billion cubic feet. A total of 96.96 billion cubic feet gas was produced up to 30th June 2019, which constitutes 47.76% of the recoverable reserve.

In the reporting year, gas was produced from 1 well at a rate of about 9 million cubic feet per day. Raw gas was processed in 1 silica-gel type plant and supplied to JGTDSL through the North-South pipeline of GTCL. Apart from that, on average about 139 barrels of condensate was produced daily.

1.1 Operational activities

In 2018-2019 fiscal year, a total of 12 gas wells at 4 producing fields were on-stream. A portion of the gas-condensate available from Bibiyana gas field of Chevron Bangladesh was piped to two fractionation plants set up at Rashidpur and was split into petrol, diesel and kerosene. Besides, part

of the condensate produced by the company was split into petrol, diesel and kerosene in the fractionation units of Haripur and Kailashtilla. A portion of the company's own condensate was sold to a number of privately owned fractionation plants. Apart from that, condensate available at Fenchuganj gas field of BAPEX, and at Jalalabad, Moulvibazar and Bibiyana gas fields of Chevron Bangladesh was supplied to privately-owned refineries by SGFL under separate contracts. The NGL extracted at Kailashtilla MSTE plant was piped to RPGCL's NGL fractionation plant located at Golapgonj, Sylhet.

1.2 Brief description of the process plants

A description of the gas process plants and condensate fractionation plants now in operation at different fields/installations is given in the following table:

a) Gas process plants

Field	Process plants			
	Plant type (installation period)	No. of Plants	Present processing capacity (MMscfd)	Products
Haripur	Silicagel (1960-61)	1	25	gas, heavy condensate, light condensate
Kailashtilla	Silicagel (1982-83)	1	25	
	MSTE (1992-95)	1	80	gas, heavy condensate, NGL
Rashidpur	Silicagel (1991-93, 1999-2000)	3	130	gas, heavy condensate, light condensate
	Glycol (1991-93)	1	50	
Beanibazar	Silicagel (1999)	1	40	

b) Condensate fractionation plants

Installation	Process plants			
	Year of completion	No. of units	Present processing capacity (bbl/day)	Products
4000 BPD Condensate Fractionation Plant	2019	1	4000	petrol, diesel, kerosene
Rashidpur Condensate	2009	1	2500	petrol, diesel,

Fractionation Plant	2012	1	1250	kerosene
Haripur distillation unit	1961	1	68	petrol, kerosene
Kailashtilla fractionation unit	1983	1	300	petrol, diesel

1.3 Power Generation and Supply

Steady and uninterrupted power supply is a prerequisite for smooth functioning of gas and liquid petroleum production facilities. Electricity is generated and supplied round-the-clock by gas-engine driven generators at all installations of SGFL (Haripur, Kailashtilla, MSTE plant, Rashidpur, Beanibazar, RCFP and 4000 BPD CFP). Number of generators in each field and their power generation capacities are as under:

Sl.	Field/Installation	No. of generators	Total rated generation capacity (kW)	Present capacity (kW)
1.	Haripur Gas Field	4	1178	850
2.	Kailashtilla Gas Field	5	1112	640
3.	Kailashtilla MSTE Plant	3	1080	750
4.	Rashidpur Gas Field	6	1098	750
5.	Beanibazar Gas Field	3	1000	420
6.	Rashidpur Condensate Fractionation Plant	3	2175	1500
7.	4000 BPD Condensate Fractionation Plant	6	5724	5724
Total		30	13,367	10,634

1.4 Residue Gas Compressors

At Kailashtilla MSTE Plant a total of 7 gas-engine driven reciprocating compressors are in operation. These compressors are used to boost the pressure of residue gas prior to entering the North-South gas pipeline. Of these, five are rated at 18 MMscfd each while the rest two are rated at 25 MMscfd and 20 MMscfd respectively.

2.0 Production Statistics

2.1 Natural Gas

During the year, the company produced a total of 46.22 Bcf of natural gas from its 12 wells of Sylhet (Haripur), Kailashtilla, Rashidpur and Beanibazar fields at an average approximate rate of 127

million cubic feet per day. Field-wise production data in the year and the year before are given below:

Field	2018-2019		2017-2018	
	Producing Wells	Total Production (mmcf)	Producing Well	Total Production (mmcf)
Sylhet (Haripur)	1 (well-7)	1,501.484	1 (well-7)	1,785.858
Kailashtilla	5 (well-1,2,3,4,6)	22,910.871	4 (well-2,3,4,6)	22,962.142
Rashidpur	5 (well-1,3,4, 7 & 8)	18,603.787	5 (well-1,3,4, 7 & 8)	19,520.760
Beanibazar	1 (well-2)	3,206.444	2 (well-1,2)	3,499.218
Total	No. of wells-12	46,222.586	No. of wells-12	47,767.978

Compared to 2017-2018 fiscal year, total gas production decreased by 1545.392 million cubic-feet. Gas production from all wells declined on the whole. Water production rate from some wells increased in varying degrees resulting in significant decline in gas production from those wells.

2.2 Condensate and Natural Gas Liquids (NGL)

Field-wise production data of condensate & NGL in 2018-2019 fiscal year and in the year before are as follows:

(Kiloliter)

Gas Field	2018-2019			2017-2018		
	Heavy Condensate	Light Condensate	NGL	Heavy Condensate	Light Condensate	NGL
Sylhet (Haripur)	955.753	729.100	-	1,149.111	737.173	-
Kailashtilla	30,918.974	239.762	27,305	32,456.652	323.037	24,720
Rashidpur	1,072.600	1,370.760	-	1,172.321	692.097	-
Beanibazar	7,782.900	284.508	-	8,345.528	403.380	-
Total	40,730.227	2,624.130	27,305	43,123.612	2,155.687	24,720
Condensate (Heavy+Light)	43,354.357			45,279.299		

Total condensate production in 2018-2019 decreased by 1924.942 kiloliters. The fall in production owes to corresponding decrease in total gas production in the reporting year compared to the gas production in the previous year. On the other hand, NGL production was 2,585 kiloliters more than that of the previous fiscal year thanks to this year's almost regular reception of NGL by RPGCL from Kailashtilla MSTE plant.

2.3 Petrol, Diesel, Kerosene

The condensate obtained from Bibiyana gas field of Chevron Bangladesh is fractionated into petrol, diesel and kerosene at Rashidpur Condensate Fractionation Plant (RCFP) and at the newly built 4000 BPD Condensate Fractionation Plant. Besides, part of the Company's own condensate is fractionated in two fractionation units located at Haripur and Kailashtilla fields. Field-wise production of petrol (including the light condensate produced at Sylhet and Kailashtilla fields which is directly marketable as Petrol, and the light condensate supplied to RCFP from Beanibazar and Rashidpur fields), diesel and kerosene in the reported year is stated below beside that of the previous year:

(Kiloliter)

	2018-2019			2017-2018		
Field	Petrol	Diesel	Kerosene	Petrol	Diesel	Kerosene
4000 BPD CFP	94,393.433	8,396.392	13,583.60 0	-	-	-
RCFP	69,110.629	5,851.521	9,262.845	1,09,266.45 6	9,720.815	12,437.915
Sylhet (Haripur)	1,445.825	-	234.702	1,638.889	-	249.066
Kailashtilla	8,368.564	6,772.672	-	8,824.137	7,809.397	-
Total	1,73,318.45 1	21,020.585	23,081.14 7	1,19,729.48 2	17,530.212	12,686.981

In 2018-2019, petrol, diesel and kerosene production increased by 53,589 (45%), 3,490 (20%) and 10,394 (82%) kiloliters respectively. Large increase in the production of petroleum products is due mainly to 4000 BPD Condensate Fractionation Plant which has been up and running since September-2018. Conversely, production from other fractionation plants/units (other than the 4000 BPD CFP) has plummeted by about 33% in total. The 3750 BPD capacity fractionation plant at Rashidpur, namely the RCFP, suffered badly because of the introduction of a policy of prioritizing a steady supply of condensate to the privately owned fractionation plants. In 2018-2019, production from RCFP reduced by 36% compared to the previous fiscal year.

3.0 Sales Statistics

3.1 Natural Gas

In the year, a total of 45,720.483 MMcf of gas was sold to Jalalabad Gas T & D System Ltd., Bakhrabad Gas Distribution Company Ltd., Karnaphuli Gas Distribution Company Ltd. and Pashchimanchal Gas Company Ltd. as per consumption break-down statements given by GTCL.

Besides, an amount of 130.735 MMcf of gas, considered as sales gas, was used for own consumption (fuel for power generation and domestic usage). Thus the total gas sale stood at 45,851.218 MMcf. Moreover, 371.367 MMcf of gas was used as fuel for process heaters and residue gas compressors in gas process plants. The gas sold in the previous year had been 47,693.296 MMcf.

3.2 Petroleum Co-Products

A total of 25,020.70 kiloliters of condensate (Heavy & Light) extracted from Rashidpur, Kailashtilla, Beanibazar and Haripur fields of SGFL was sold in the year 2018-2019. Besides, 288 kiloliters ex-Fenchuganj condensate of BAPEX, 9 kiloliters of condensate from JGTDSL DRS and 76,567.50 kiloliters of ex-Bibiyana, Moulvibazar & Jalalabad condensate of Chevron Bangladesh was dispatched under SGFL management to the contracted 10 privately-owned condensate fractionation plants. Therefore, in the reporting year, a total amount of 1,01,884.50 kiloliters of condensate from Chevron Bangladesh, BAPEX, JGTDSL-DRS and SGFL was supplied to the ten condensate fractionation plants, which is 4258.61 kiloliters or 4% less than that of previous year. In addition, a total of 1,63,946.40 kiloliters of petrol, 20,430.77 kiloliters of diesel and 22,089.87 kiloliters of kerosene produced from the fractionation plants at Haripur, Kailashtilla, and Rashidpur (RCFP & 4000 BPD CFP) was sold to the marketing companies of BPC. Moreover, 27,305 kiloliters of NGL was sold from Kailashtilla MSTE Plant to RPGCL.

4.0 Financial Activities

Respected Shareholders,

Now, I present a brief description of financial activities of the company in the year 2018-2019:

4.1 Sales Income

The sales statistics of gas, condensate, petrol, diesel, kerosene and NGL during the year is as below:

(Gas: MMcf)

(Petroleum products: kiloliters)

Products	2018-2019			2017-2018		
	Amount sold	Revenue income (Tk.in crore)	Percentage of income	Amount sold	Revenue income (Tk.in crore)	Percentage of income
Gas	45,851.218	185.06	11.49	47,693.296	460.39	29.71
Condensate	25,020.70	1425.78	88.51	25,350.11	1089.07	70.29
Petrol	163,946.40			1,18,852.56		
Diesel	20,430.77			17,636.73		

Kerosene	22,089.87			12,664.17		
NGL	27,305.00			24,720.00		
Total income	1610.84	100		1549.46		100

In 2018-2019 total amount of sales income was Tk. 1610.84 crore, which is Tk. 61.38 crore or 3.96% more than that of the previous year.

4.2 Expenses related to production

In the financial year 2018-2019, the actual production related expenditure stood at TK. 105.88 crore against the allocated budget of Tk. 125.31 crore. Thus, the production related expenditure was less by Tk. 19.43 crore (15.50%) compared to budget estimate. An amount of Tk. 8.71 crore was saved in salary and allowances, another amount of Tk. 4.53 crore was saved in repair & maintenance of plant/machinery, and an additional amount of Tk. 6.19 crore was saved in a number of sub-heads owing to some non-essential expenses not being incurred.

4.3 Operational Expenses

In the year 2018-2019 budget estimate for operational expenses was Tk. 895.54 crore whereas actual operational expenses stood at Tk. 859.88 crore which is 3.98% less than the budget estimate. Compared with the estimated budget, the actual expenses was less by Tk. 8.71 crore on salary and allowances, by Tk. 4.53 crore on plant maintenance & repair, by Tk. 6.19 crore in various sub-heads, by Tk. 20.70 crore on depreciation head for no asset being added to the fixed asset as per budget estimate, by Tk. 1.48 crore on depletion head and by Tk. 4.96 crore on transportation of finished petroleum products from RCFP and 4000 BPD CFP. On the other hand, the expenses rose by Tk. 13.47 crore on the purchase of condensate for RCFP and 4000 BPD CFP. Besides, in comparison with estimated budget Tk. 2.56 crore was spent less on storage adjustment/reconciliation head.

Actual operational expenses in the previous year had been Tk. 668.12 crore. In the year 2018-2019 the actual operational expenses stood at Tk. 859.88 crore, which is Tk. 191.76 crore i.e. 28.70% more than the previous year. The expenses increased by Tk. 200.15 crore on the purchase of condensate for Rashidpur Condensate Fractionation Plant and 4000 BPD Condensate Fractionation Plant owing to larger volume of condensate processing. Moreover, expenses increased by Tk. 1.22 crore on salary and allowances, by Tk. 3.48 crore on plant maintenance, by Tk. 10.34 crore on sales expenses, by Tk. 0.30 crore on depreciation and by Tk. 0.74 crore on depletion. In contrast, expenses decreased by Tk. 0.39 crore on various sub-heads, such as, stationeries, traveling, training, insurance, fuel, transportation cost, contractor's labor and expenses for security. Also, an amount of Tk. 22.37 crore was spent less due to BEREC's withdrawal of Petrobangla's corporation overhead expenses. Compared to the previous year expenses reduced by Tk. 1.73 crore on stock adjustment of petroleum products (excepting RCFP).

4.4 Profit

Comparison between the sales revenue from gas, co-products & fractionated products and other income in the reporting year and those in the previous year is tabled below:

Products	2018-2019	2017-2018
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	Amount (Tk. in crore)	Percentage (%)	Amount (Tk. in crore)	Percentage (%)
Gas	185.06	10.76	460.39	27.46
Co-products and fractionated products	1425.78	82.88	1,089.07	64.95
Interest and other income	109.43	6.36	127.19	7.65
Total	1,720.27	100.00	1,676.66	100.00

Upon deduction of revenue expenditure of Tk. 1234.18 crore the pre-tax profit stood at Tk. 486.09 crore in the reporting year, which is Tk. 68.23 crore or 16.33% more than the previous fiscal year.

4.5 Financial Indices

As per government directive debt-to-equity ratio of any gas production company is to be kept within 60:40. Debt-to-equity ratio of SGFL stood at 18.93 : 81.07 at the year-end which had been 19.55:80.45 in the previous fiscal year. In 2018-2019, a loan of Tk. 4.69 crore was taken from the GDF for Shet-9 well drilling project. The loan taken being less than the increase in equity owing to revenue reserve growth, the debt-to-equity ratio decreased as a whole. Besides, in the year 2018-2019 the rate of return on net average fixed assets stood at 55.06% which had been 58% in the previous fiscal year. Because of the decrease in the production and sales of gas and condensate and the capitalization of certain new assets along with the Rashidpur 4000 BPD Condensate Fractionation Plant, rate of return on the fixed assets decreased by and large. In spite of that, the aforementioned indices manifest the company's sound financial base.

5.0 Payment to the National Exchequer

During the year, the company paid a total amount of Tk. 686.56 crore to the National Board of Revenue and the national treasury, which was 42.62% of the total sales income. The total amount paid on this head in the year 2017-2018 was Tk. 822.16 crore. As gas sales have been exempted from paying SD and there has been adjustment in income tax payment, payment to NBR has decreased on the whole. Head-wise payments made to the NBR in the fiscal years 2018-2019 and 2017-2018 are juxtaposed below:

Head	2018-2019		2017-2018	
	Amount paid (Tk. in crore)	Percentage (%)	Amount paid (Tk. in crore)	Percentage (%)
Supplementary Duty and VAT	410.33	59.77	531.15	64.60
Income Tax	99.49	14.49	134.26	16.33
Dividend	170.00	24.76	150.00	18.24

DSL (Debt Service Liability)	6.75	0.98	6.75	0.82
Total	686.56	100.00	822.16	100.00

6.0 Accounts Receivable and Accounts Payable

On 30 June 2019, at the year-end, the accounts receivable on the sales of gas and petroleum products stood at Tk. 907.72 crore which is equivalent to 7.30 months' average receivable. From January-2015 on, BPC has been paying the bills charged to its marketing companies for their purchase of petroleum products, superseding the earlier practice of each subsidiary company handling its bills independently. This policy has ultimately resulted in piling up of dues by means of regular delays made in the payment for products supplied to the marketing companies of BPC, namely, Padma Oil Company Ltd (POCL), Meghna Petroleum Ltd (MPL) and Jamuna Oil Company Ltd (JOCL). Accounts receivable in the previous year had been Tk. 595.31 crore, 5.00 months' equivalent of average receivable.

On 30 June 2019- at the year-end, the accounts receivable from the gas distribution companies stood at Tk. 26.84 crore which is equivalent to 1.75 months' average receivable. In the previous year this amount had been Tk.100.53 crore which was equivalent to 2.92 months' average receivable. On the other hand, accounts payable as SD and VAT to the national treasury stood at Tk. 23.86 crore which is equivalent to 1.84 months' average payable, and accounts payable to Petrobangla as the cost of condensate purchased for RCFP and 4000 BPD CFP and as the revenue of Petrobangla's condensate sales to different privately-owned fractionation plants under SGFL management, stood at Tk. 509.00 crore, which is equivalent to 4.0 months' average payable. This had been Tk. 271.63 crore in the previous year. The fund hitherto received from GDF stood at Tk. 739.36 crore. A total of Tk. 12.52 crore as loan taken against Kailashtilla-9 well drilling project was returned to Petrobangla in August-2019. On the other hand, a letter was sent to Petrobangla requesting to consider the loans taken from GDF against Kailashtilla-7, Rashipur-10 & 12 well drilling projects as Grant; since KTL-7 well produced very little gas until it stopped producing at all a year after completion, while Rashidpur-10 & 12 wells were found dry and the recoverable reserve from Rashidpur-09 was insufficient for economical production.

7.0 Capital Structure

7.1 Authorized Capital

The present authorized capital of the company is Tk. 500.00 crore divided into 5 crore of ordinary shares of worth Tk.100.00 each.

7.2 Paid-up Capital

The paid-up capital of the company on the last day of the reported financial year stood at Tk. 88.43 crore.

7.3 Dividend

In the year 2018-2019 the dividend on Sylhet Gas Fields Limited was fixed at Tk. 170.00 (one hundred and seventy) crore by the Govt/Petrobangla, which is 192.24% of SGFL's paid-up capital. The dividend has already been paid as advance.

8.0 Ongoing Development Projects

Sylhet Gas Fields Limited has been implementing various development projects with a view to augmenting its revenue income alongside increasing company's contribution to meeting the ever-growing energy demand of the country. The following projects were under implementation in 2018-2019:

8.1 Installation of a 4000-bbl/day capacity Condensate Fractionation Plant at Rashidpur

Financed from the company's own resource, as per 2nd RDPP the implementation period of the project was July-2012 to June-2019 with a total project outlay of Tk. 374.45 crore including a foreign currency component of Tk. 207.71 crore. After the Performance Test Run completed on 25-09-2018 the plant has been in operation under SGFL. The plant is producing Petrol, Kerosene and Diesel at an approximate ratio of 80%, 11% and 9% respectively. The products are being dispatched to the marketing companies of BPC. The project completed in June-2019.

8.2 Installation of a 3000-bbl/day Catalytic Reforming Unit to convert petrol into octane at Rashidpur

As per 2nd revised DPP, estimated cost of this self-funded project is Tk. 497.9831 crore including a foreign currency component of Tk. 369.8683 crore and the implementation period is from March 2012 to June 2019 (proposed period is from March-2012 to June-2020). The EPC contractor completed the licensing of the project and submitted 99% of the detailed design documents. 69% of civil works has completed. Foundation work of LPG tank is in progress. 82% of pipe & pipe-fittings, all cathodic protection equipment and materials, 14 nos. of process pump, cooling tower, steel structure of pipe racks, catalysts, materials for 7 nos. of heater, 2 sets of compressor and the hydrogen generation package have reached the site. Installation of 6 heaters has completed. Construction of one pipe rack has completed. Installation of process area pipeline, other pipe racks and one remaining heater is in progress. Installation of 7.4 km long pipeline from RCFP to the project site has completed. Up to June-2019 actual progress of the project was 64.60%.

8.3 Drilling of appraisal/development well Sylhet-9

According to the 1st revised DPP, total outlay of this GDF financed project is Tk. 171.27 crore which includes a foreign exchange component of Tk. 53.30 crore. The project implementation period spans December-2013 to June-2020.

Acquisition of land is complete. Foreign consultant has been employed. Civil works and procurement of drilling materials have been completed. Contract has been signed with selected parties in order to procure third party engineering services. Drilling services are being provided by BAPEX; a contract with BAPEX has been signed to this end. Up to June-2019, actual progress of this project was 27.42%. At current rate of progress, spudding is expected to take place in February-2020.

8.4 Reviewing of 3-D seismic survey data and reports of Sylhet (Haripur), Kailashtilla and Rashidpur structures of Sylhet Gas Fields Limited

As per the 1st revised DPP, total outlay of this self-funded project was Tk. 12.62 crore including a foreign exchange component of Tk. 10.45 crore. Its implementation period was December-2016 to September-2018. By September-2018 actual progress of the project was 100%.

8.5 Workover of 3 wells (Kailashtilla-1, Rashidpur-2 and Rashidpur-6) of Sylhet Gas Fields Limited

The project was financed from company's own fund. The aforementioned review report of the 3-D seismic survey data indicated that work-over of Rashidpur-2 and Rashidpur-6 would not be prospective. So, a revised DPP was prepared omitting these two wells. According to the 1st RDPP, estimated project cost was Tk. 42.77 crore including a foreign currency component of Tk. 12.90 crore and the implementation period was from December-2016 to March-2019. Actual progress by March-2019 was 100%.

9.0 Future planning

Incorporating the recommendations of the 3-D seismic data and reports review project, the following plan of actions has been conceived/laid-out for increasing energy supply in the country as well as maintaining the productivity of the company:

9.1 Short-Term Plan (2019-2020)

- a) Drilling of Kailashtilla-8 well.
- b) Work-over of Sylhet-8, Beanibazar-1 and Kailashtilla-7 wells.
- c) Conducting 2-D/3-D seismic survey over Beanibazar structure- with a view to re-assessing the reservoir and identifying new well locations, and over potential locations of the relinquished areas beyond the ring-fenced areas of gas of blocks 12, 13 and 14 that have been allotted to SGFL.

9.2 Medium-Term Plan (2020-2021 to 2022-2023)

- a) Drilling of new wells at Beanibazar field- provided the 3-D seismic survey to be conducted over that field yields promising result.
- b) Conduction of 3-D survey over Chhatak structure- assuming the operating rights of Chhatak field is returned to SGFL.
- c) Drilling of one more well at Kailashtilla field provided the drilling of Kailashtilla-8 becomes a success.
- d) Drilling Sylhet-11 exploratory well at Haripur field.
- e) Drilling one exploratory well at Rashidpur field.
- f) Work-over of Rashidpur-3 and Kailashtilla-4 wells in 2021, after those wells have stopped producing as per prediction.

9.3 Long-Term Plan (2023-2024 to 2025-2026)

- a) Undertaking new well drilling projects for Chhatak field- provided the 3-D seismic survey to be conducted over Chhatak structure identifies potential locations.
- b) Undertaking and implementing new drilling programs in the relinquished areas of gas blocks 12, 13 & 14 (outside the ring-fenced areas) - based on the result of the aforesaid exploration.

- c) Drilling Sylhet-12 well at Haripur field.
- d) Drilling one more exploratory well at Rashidpur field.

10.0 Environment Conservation & Occupational Safety

Alongside the development activities of the company, due emphasis is also given on the protection of environment. Safety regulations and procedures are strictly observed in the production of gas, condensate, petrol, kerosene, diesel and NGL. Routine activities and practices being followed to protect the environment and maintain safe work condition are listed below under appropriate subcategories:

10.1 Environment Conservation

Environmental regulations are properly followed in operating the process plants in all the installations. Water produced from the wells is collected and separated from the condensate in API separators and the recovered saline water is diluted and disposed of regularly in environment-friendly manner. Weeds are either killed or trimmed regularly in and around the wells, process plants, offices and residential areas. Clinical wastes and wastes generated at residential areas are collected & burnt in pits in an environment-friendly manner. Drains, skim pits and instrument/machinery skids in the plant premises are cleaned regularly. Water in cellars is removed with pumps. Spent lubricants and used filters are preserved properly for due disposal.

10.2 Safe Work-environment

Safety rules are thoroughly observed in the process plants of different fields. Personal Protective Equipment (PPE) are worn by employees during maintenance and operation works in process plants, power houses and other vulnerable points/areas. The procedures/instructions for using PPE are displayed at conspicuous locations in plant premises as well as near the gates of each field/installation with a view to increasing awareness among the officers, employees and visitors as well. First Aid Boxes are available at the control rooms of all installations. The efficacy of all Jockey pumps, firefighting pumps, fire extinguishers, water and foam deluge system, fire hydrants, all types of detectors, insulation, threaded/flanged joints, pipe fittings, valves, electrical cable joints and terminals are regularly checked/investigated.

10.3 Firefighting and Disaster Management

Firefighting and fire prevention equipment are in place at all important and vulnerable points/installations for preventing and combating fire and fire-related incidents. Fire Hydrants are always kept serviceable to face any emergency situation. There are adequate numbers of fire extinguishers in all fields/installations and all of them are refilled regularly. In addition, company's two standalone fire trucks are kept ready round-the-clock to face any fire incident. In the last fiscal year no accident took place in any of the fields/installations. Apart from conducting regular fire drills, every year the company arranges training on protection against earthquakes and fire incidents and on first-aid with the assistance/guidance of local Fire Service & Civil Defense stations. Field/installation-wise participation in fire drills in the fiscal year 2018-2019 was as follows:

Field/Installation	Duration of the Drill	No. of Participants
Sylhet (Haripur) + Head office	15-16 May, 2019	40
Kailashtilla + MSTE plant	26-27 May, 2019	30

Beanibazar	23-24 April, 2019	15
Rashidpur + RCFP + 4000 BPD CFP	28-30 April, 2019	50
Total		135

11.0 Annual Performance Agreement (APA)

Under the Government's performance management plan- for proper implementation of Vision-2021 by means of improving the institutional skills of government departments and organizations, establishing transparency and accountability and ensuring good governance- SGFL has been executing annual performance agreement with Petrobangla since the year 2014-2015. The indicators of company's performance, such as, recent achievements, challenges and future plans are included in the agreement. The agreement is signed incorporating the agreed points on SGFL's vision, mission, strategic objectives and functions. A roadmap is outlined at the beginning of each year for achieving the APA goal. Monthly, quarterly, half-yearly and yearly reports are forwarded to Petrobangla indicating the achievements against the commitments made in the agreement. The achievements of SGFL, as shown in the APA, from 2014-2015 to 2018-2019 are as under:

SI	Fiscal Year	Value of Performance Indicator	Actual Achievement
1.	2014-2015	100	87.6
2.	2015-2016	100	90.2
3.	2016-2017	100	97.3
4.	2017-2018	100	90.0
5.	2018-2019	100	95.7

12.0 Innovative Plan

Cabinet Division of the Government of Bangladesh published a booklet titled "Preparation and Evaluation Instructions for Innovation Plan -2015" with a view to speeding up and simplifying the process of providing services to the citizen by innovating ways to bring in dynamism in public administration, qualitative change and enhancing innovative skills. The core objective of innovation planning is to ensure people's access to services in 'less time', with 'less cost' and 'less visit' while maintaining/improving 'quality' –TCVQ.

Pursuant to the instructions in the aforementioned booklet and as per advice of Petrobangla, SGFL constituted an innovation team to create and practice innovativeness for cultivating dynamism, bringing in qualitative change and developing innovation skill inside the company. A total of 3 innovative ideas were implemented in SGFL in the year 2018-2019.

13.0 Healthcare

The core activities of SGFL consist essentially of producing/processing natural gas and petroleum co-products. Industrial operation and processes by their very nature pose certain risks to the personnel involved with operation and maintenance. There are medical facilities with skilled doctors

and professionals at each of the fields and at the headquarters to ensure proper and timely treatment and medication for the employees and their dependents.

14.0 Security

Fields/installations and the company headquarters are KPI (Key Point Installation)-1 graded facilities. Security rules/instructions applicable to KPI are strictly adhered to. Company-appointed security personnel and members of the Ansar are on round-the-clock duty to maintain surface security at the company headquarters and at the fields/installations. Besides, assistance from the police administration is sought when the law and order situation warrants. Meetings of the internal security committee are regularly held and actions are taken with all seriousness as per their suggestions/advice. Required number of street lights/flood lights are in place for proper lighting of installations for the convenience of night shift duty personnel. Security equipment like under vehicle search mirrors and metal detectors are employed at the security gates. Closed-Circuit Television (CCTV) cameras are in operation at all the installations including the company headquarters as part of strengthening security measures. Walk-through metal detectors /archway have been installed at Haripur gas field and Kailashtilla MSTE plant entrances.

15.0 Manpower

In the latest revised organogram, the company has a provision of total manpower of 940 comprising 427 officers and 513 staff members. As of June 30, 2019, a total of 573 personnel including 263 officers and 310 staff members were in the payroll of the company. In the year 2018-2019, 9 officers and 6 staff members went on retirement. Besides, 1 officer and 3 staff members died. Appointment letter for recruiting 6 Assistant Managers in the technical cadre had been issued; 2 joined.

16.0 Implementation of National Integrity Strategy

A seven-member committee has been formed in the company to develop strategy with regard to the implementation of National Integrity Strategy. The committee sits quarterly to review implementation status of action plans laid out to introduce and enforce morality, awareness, integrity strategy and e-governance- which comprises e-filing, e-tendering and e-procurement. Besides, the committee has arranged workshops at all fields to create awareness about the said issues among the employees.

17.0 National Energy Security Day

In order to establish state ownership in the gas sector Father of the nation Bangabandhu Sheikh Mujibur Rahman took a bold and prudent decision of purchasing five large gas fields from Shell Petroleum Company Limited on 9 August 1975. To mark the occasion, 9th August has been declared by the government as 'National Energy Security Day'. As in the previous years, 9th August, 2018 was observed highlighting the importance of the day. A discussion meeting on the significance of energy security was held with the participation of company's officers and employees. To create awareness among the common people, traffic islands, main thoroughfares, important city corners and points of Sylhet division were decorated with banners, festoons and placards inscribed with various energy security slogans. The message of the day was also publicized through print, electronic and online media.

18.0 Human Resource Development

To develop professionalism and skill level, officers and employees are regularly engaged in foreign and local training programs. In the year 2018-2019, budget allocation on training was Tk. 3.50 crore. The expenditure on training was Tk. 2,17,20,754.00 in total.

18.1 Local Training

A total of 260 officers and 139 employees participated in 56 different local/in-house training programs or seminars/workshops. The expenditure on local training in 2018-2019 fiscal year was Tk. 22,49,580.00.

18.2 Foreign Training

In the reporting year, a total of 37 officers went abroad to take part in different training courses/seminars at SGFL's expense. The expenditure on foreign training was Tk. 1,94,71,174.00.

19.0 Management-Employees Relation

The overall work environment in the company was quite satisfactory during the year. The differences/disputes arisen were settled amicably and through bilateral discussions.

20.0 Welfare Activities

20.1 Scholarships

Under the company's scholarship scheme, offspring of employees who passed different public examinations held in 2018 were awarded monthly stipend or lump-sum grants. Number of students in each categories who received such scholarships are as follows:

Examination Passed	No. of students awarded lump sum grant	No. of students awarded stipend
Primary School Certificate (PSC)/equivalent	27	38
Junior School Certificate (JSC)/equivalent	09	24
Secondary School Certificate (SSC)/equivalent	15	27
Higher Secondary Certificate (HSC)/equivalent	05	15
Bachelor (Hons.)/BSc (Engg)	12	-

In the year, a total of Tk. 24,84,896.00 was disbursed as scholarships awarded to the offspring of employees.

20.2 Corporate Social Responsibility (CSR)

- a) Under the company's CSR policy, Tk. 21,37,600.00 was given as lump-sum stipend to impoverished but meritorious students in the four upazilas that the company's fields/installations belong to. The stipend was awarded with the objective of nurturing merit among the students. The selection was made from students who had passed different examinations and were not among the government scholarship recipients.
- b) Under social development activities, a number of individuals and socio-cultural organizations were awarded grants of varying amounts in the reporting year. In 2018-2019, out of the allocated budget of Tk. 170.00 (one hundred and seventy) lakh for CSR activities, a total of Tk. 82,09,322.00 was disbursed.

20.3 Socio-cultural Activities

As in the past, annual sports and cultural functions were arranged as part of recreational activities for the officers and employees of the company. Besides, annual Milad Mahfil and Ifter Mahfil were arranged with due religious fervor and dignity. The great Shahid Dibash, International Mother Language Day, Independence Day, Victory Day, National Mourning Day and Bangla New Year were celebrated with due festivity and in a befitting manner.

21.0 Challenges and Redressal

Gas extraction and supply have been continuing nearly for the last six decades and as there has been no significant discovery of new gas fields in the meantime, the total gas reserve in SGFL's gas fields has continued to diminish. In 2002-2003 fiscal year, total gas production of SGFL was 77,676 MMscf, meaning average daily production in that year was about 213 MMscf. In a period of 16 years the production plummeted to below 127 MMscfd, a decline by more than 40%.

Daily processing capacity of SGFL's 3 condensate fractionation plants at Rashidpur is 7750 barrels in total. These fractionation plants were set up to use the condensate from Bibiyana gas field of Chevron Bangladesh as their feed. In 2018-2019, the 3750 BPD (2500+1250) and the 4000 BPD fractionation plants were running at about 40% and 51% of their respective capacities. It may be mentioned here that the turndown ratio of the plants is 50%. Due to condensate allotment far lower than the required amount the 2500 BPD and 1250 BPD units at RCFP could not be run simultaneously. To match the available feedstock volume, condensate run has been being frequently switched between the two units. Frequent start-up and shutdowns impair the longevity of plants by introducing corrosion and thermal stress. Also the instruments have to overwork resulting in early damage. Moreover, operating a plant below its design capacity is wasteful in terms of energy and opportunity; the inefficiency is in fact proportional to the extent of unused capacity.

Acquiring sufficient feedstock for these fractionation plants is being considered a challenge for the company. Due consideration and preferential treatment are required for these plants to get out of the debacle.

Distinguished Shareholders,

I am delighted to mention that in the last few years SGFL received recognition from the government for being among the topmost VAT and income tax payers in the country. Dealing with the declining trend of gas production and availability of condensate commensurate with the production capacity of fractionation plants have appeared as a big challenge. We do hope that with the farsighted initiative and directions from the policy making levels SGFL would be able to overcome these crises with the concerted and time-befitting endeavor of its experienced and meritorious workforce.

On behalf of the board of directors and on my own behalf, I sincerely thank the officers and employees of all tiers for their continued effort in maintaining the company's profit-earning trend, for its contribution to the

national treasury and for maintaining a conducive/favorable work environment. I am really grateful and sincerely pass my appreciation to EMRD, Finance Division, Planning Commission, ERD, Petrobangla, development partners and local administration for their unwavering and unflinching support and assistance for smooth conduction of the company affairs. Expressing full trust on the company management I congratulate the shareholders for their presence in the Annual General Meeting of Sylhet Gas Fields Limited.

I now present the annual report for the year 2018-2019 of Sylhet Gas Fields Limited to the distinguished shareholders for their consideration, approval and adoption. Thank you all.

Allah Hafez.

On behalf of the Board of Directors

(Md. Ruhul Amin)

Chairman