

Titas Gas Transmission and Distribution Company Limited
38th Annual General Meeting
Report of the Board of Directors to the Shareholders
Bismillahir Rahmanir Rahim

Respected Shareholders,

Assalamu Alaikum,

Heartily welcome to all of you in the 38th Annual General Meeting of Titas Gas Transmission and Distribution Company Limited (TGTDC). I would like to take this opportunity to present before you the Report of the Board of Directors including Audited Financial Report of Titas Gas Transmission and Distribution Company Limited for the Year ended June 30, 2019.

Respected Shareholders,

The discovery of a huge gas field on the bank of the Titas River in Bhramanbaria in 1962 created a new horizon for the utilization of natural gas. Titas Gas Transmission and Distribution Company Limited (TGTDC) established on 20 November 1964. The Company began its commercial operation with the commissioning of gas supply to Siddhirganj Thermal Power Station on April 28, 1968 after construction of 14 inch dia 58 mile long Titas-Demra gas pipeline by the then East Pakistan Industrial Development Corporation. In October 1968, first domestic natural gas connection was provided to the residence of renowned litterateur Shawkat Osman. As a progressive national organization, it has earned the glory of being a trustworthy one for the people by means of the quality of service delivery. This has been possible because of the relentless and cordial endeavors of its officials and employees.

Titas Gas is playing a significant role to strengthen the socio-economic condition of a developing country like Bangladesh, even pioneering in saving foreign currency by ensuring expected use of natural gas. As a leader among gas distribution companies, contribution of Titas Gas to the Bangladesh Economy is as evident as its eternal flame to the total economy of the country.

At the beginning 90% of its shares belonged to the then Pakistan Government and Pakistan Shell Oil Company owned the rest. Under the Nationalization Order of 1972, all the Government owned shares of the Company were vested in the Government of Bangladesh (GOB). In accordance with an agreement signed between Shell Oil Company and GOB on August 9, 1975, the ownership of the remains 10% shares was transferred to the GOB through Petrobangla in exchange for a lump-sum payment of £ 1,00,000. After the independence of Bangladesh in 1971, the Company started its journey as a Company of Petrobangla with the authorized and paid up capital of Tk.1.78 crore. At present, the authorized and the paid up capital of the Company are Tk. 2,000.00 and Tk. 989.22 crore respectively.

Main objective of the Company is to supply natural gas to customers of different categories under Titas Franchise Area, thereby reducing dependency on imported liquid fuel. Towards this end, the Company has to construct, operate and maintain pipelines, stations and associated facilities. Currently the Company distributes gas in the districts of Dhaka, Narayanganj, Narsingdi, Munshiganj, Manikganj, Gazipur, Tangail, Mymensingh, Jamalpur, Sherpur, Natokona, and Kishoreganj.

Respected Shareholders,

I have already mentioned that the Company began its commercial operation with the supply of gas to Siddhirganj Thermal Power Station in 1968. Since then the Company's activities have expanded largely over the last five decades and the Company has so far ensured uninterrupted supply of gas to cater for its customer's demand. But recently customer services have been hampered to some extent because of low pressure problems prevailing in some parts of Titas Franchise Area (TFA), which is caused by shortage of gas supply. Presently, Company's total length of pipeline is 13,138.67 km including 52.63 km built during the FY 2018-19. The number of total customers of the Company stood at 28,65,907 on 30 June 2019.

Growth of customers over the last five years is presented below:

Customer Category	Number of Customer				
	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19
Power	35	38	43	44	45
Fertilizer	3	3	3	3	3
Industrial	4,590	4,604	4,610	5,128	5,279
Captive Power	1,080	1,085	1,088	1,630	1,680
CNG	331	333	335	382	394
Commercial	10,913	10,917	10,919	11,688	12,075
Domestic	18,80,353	20,06,013	27,17,536	27,64,247	28,46,419
Total	18,97,317*	20,23,005*	27,34,534*	27,83,134*	28,65,907*

*Including 12 seasonal customers.

DEVELOPMENT ACTIVITIES AND PROJECTS

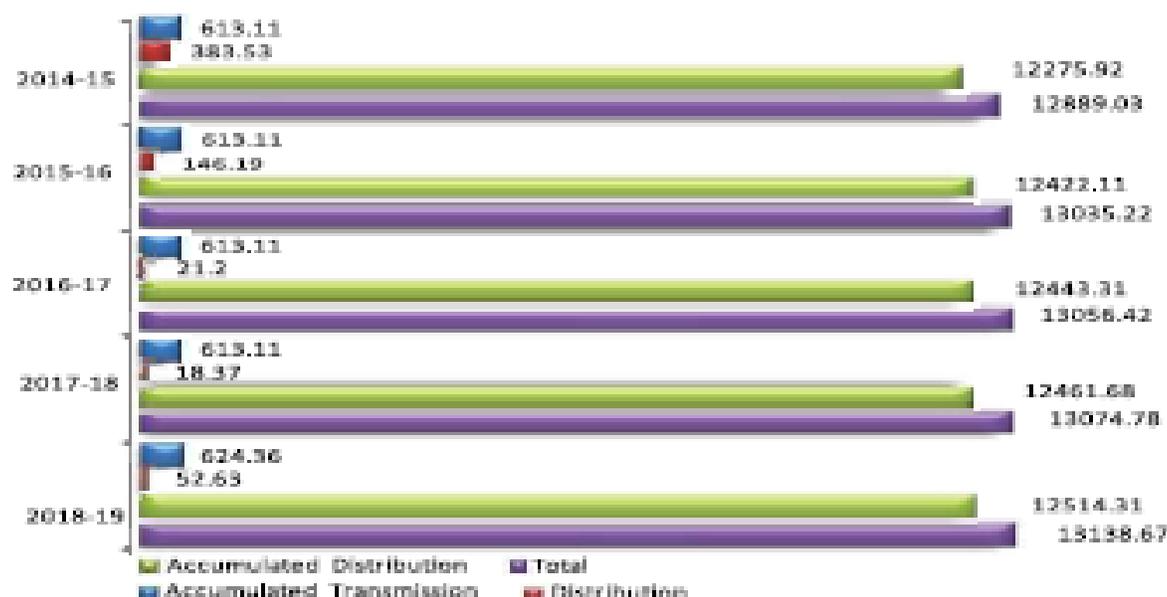
Respected Shareholders,

Now, I would like to present before you a brief description of the development activities of the Company:

Development Program:

Due to government prohibition, gas network has not been expanded by establishing new pipeline in the fiscal year 2018-19. However, in order to solve the low pressure problem of gas in various areas and to replace damaged pipelines, 52.63 km pipeline has been newly constructed in the mentioned fiscal year as a part of modification/rehabilitation/replacement activities. At present the total length of pipeline under TGTDCL stood at 13,138.67 km.

A statistics of Company's pipeline status over last five years is furnished below:



System Loss Reduction Program:

With sincere efforts of Company Management and its workforce, various programs undertaken in order to reduce Company's system loss are being carried out successfully. Special inspections/illegal gas pipeline removal and disconnection and mobile court drives are conducted by the Company to detect and disconnect

illegal gas use. As per BERC order (no. 2018/03, date:16-10-2018), actual consumption has been considered instead of billed consumption and quantity of gas equivalent to higher heating value is not added in sales account. This results in a decrease in sales quantity compared to that in previous financial year and system loss (partial) exhibits a rise in the fiscal year 2018-2019.

Information as to system loss/gain of the Company from 2014-15 to 2018-19 is furnished below:

Financial year	Difference between Purchase and Sales (Total System Loss/Gain)	
	In Volume (MMCM)	In Percentage (%)
2014-15	625.82*	3.90*
2015-16	479.22	2.81
2016-17	232.89*	1.35*
2017-18	201.19*	1.17*
2018-19	1003.83	5.71

*Revised

Distribution Network Rehabilitation and Modification:

Modification/Rehabilitation/Replacement/Relocation of different diameters pipeline have been completed within Titas Franchise Area in this fiscal year:

- Replacement and Construction/Relocation of associated service line/link line of 1"Ø to 4"Ø, 50 PSIG, 5.5 km gas pipeline to address low pressure problem at different locations of Dhaka city;
- Shifting of existing 3/4"Ø to 16"Ø distribution gas pipeline/service line from Agargaon CP-4 to Karwanbazar and from Karwanbazar to Motijheel Metro-Rail Route under Dhaka Mass Rapid Transit Development Project (DMRTD);
- Shifting/Rehabilitation/Replacement of distribution pipeline of different diameters from chainage 0+000km to 14+000km in road section including 144 valves (with pits), from chainage 14+000km to 69+000km in road section including 124 valves (with pits) and from chainage 16+600km to 18+800km in road section under SASEC (Gazipur-Chandra-Tangail) Project;
- Reconstruction/Shifting of 8"Ø × 50 PSIG × 372m and 3"Ø × 50 PSIG × 336m gas pipeline which are adjacent to north side of Gombi Bridge;
- Reconstruction/Shifting of 8"Ø × 50 PSIG × 768m gas pipeline adjacent to south side of Meghna Bridge;
- Reconstruction/Shifting of 2"Ø, 4"Ø and 8"Ø, 50 PSIG, 150m gas pipeline along the alignment of Water Main Transmission Line at Chunkulia, Keraniganj;
- Construction of 2"Ø, 4"Ø, 6"Ø, 8"Ø, 12"Ø and 16"Ø, 50 and 140 PSIG, 30,295 km gas pipeline has been completed for different industrial establishments of Dhaka, Narayanganj, Narshingdi, Gazipur and Mymensingh by customer's finance; and
- Construction/Replacement of 2"Ø, 3"Ø, 4"Ø, 6"Ø, 50, 140 and 150 PSIG, 1213m gas pipeline has been accomplished for different industrial establishments of Dhaka, Narayanganj and Gazipur and by customer's finance.

Civil Works:

Civil works that have been completed in the year 2018-2019:

- Construction of a 4-storey staff quarters with a 6-storey foundation on existing land at Dania DRS area;
- Reconstruction of frontal boundary wall, Vertical Extension and other works including the installation of cylindrical barbed wire at Gazipur OGS area.

- Construction of 3 CP rooms in Titas affiliate Kadamtai DRS, Ghatal, Gopalpur (Tangail), Kishoreganj, Bipal valve station and Dhanua TBS area; And
- Construction of a semi-paved shed for storing essential materials of the Emergency Gas Control Section (North).

Gas supply to the Power Stations:

Gas supply have been commissioned to the following new power station in the fiscal year 2018-2019:

Gas supply to 335 MW dual fuel combined cycle power plant of Summit Meghna Ghat Power Ltd.

DEVELOPMENT ACTIVITIES AND PROJECTS TO BE IMPLEMENTED

Distribution Network Rehabilitation/Construction Activities:

Replacement/rehabilitation of pipeline under implementation in the fiscal year 2018-2019:

- Replacement and Construction/Relocation of associated service line/link line of 3/4"Ø to 8"Ø, 50 PSIG and 9 km gas pipeline to improve low pressure problem at different areas of Dhaka city and shifting/isolation/tie-in work of the pipeline with leakage;
- Transfer of existing gas line from the alignment of ECB Chatter to Mirpur Road Widening and Flyover Construction Project at Kalshi Intersection;
- Change of the out-of-order valves in different areas of Dhaka City;
- Construction of 12"Ø × 140 PSIG × 8 km gas distribution pipelines from TBS at Gozaria to Abdul Monem Ltd. (pvt) economic zone;
- Construction and modification of Gozaria TBS;
- Reconstruction/shifting of existing pipelines along the alignment of Padma Bridge Railway Project;
- Change of damaged distribution lines along Bason Road and Chowdhuri Bari Road (adjacent to Pegasus Factory), Vogra, Gazipur;
- Shifting of 3/4"Ø, 1"Ø and 4"Ø, 50 PSIG, 90m gas distribution/service pipeline of North Lakhkha khola area of Bandar Upazilla, Narayanganj;
- Rehabilitation/Replacement of 2"Ø and 3"Ø, 50 PSIG, 360m damaged gas distribution line from Sadar Thana intersection of Mymensingh City to Trunkpotti road;
- Construction of 2"Ø, 4"Ø, 6"Ø, 8"Ø, 12"Ø and 20"Ø, 50, 140 and 1000 PSIG, 3,020m gas pipeline has been completed by customer's finance in several industrial establishments in Gazipur and Mymensingh areas;
- Installation of 16"Ø × 140 PSIG × 10 km gas pipeline from Sarishabari M&R Station to Jamalpur Economic Zone (JEZ) and a DRS at JEZ site;
- Installation of 12"Ø × 140 PSIG × 8.65 km gas distribution main, construction of 12"Ø, 50 PSIG internal line and construction of DRS at proposed Akiz Private Economic Zone along with modifications of the Trishal M&R station to build gas infrastructure for Akiz Private Economic Zone; and
- Installation of 16"Ø × 140 PSIG × 5 km gas distribution main, construction of 12"Ø, 50 PSIG internal line and construction of DRS in proposed City Private Economic Zone along with modifications of the Dighiborabo CGS to build gas connection for City Private Economic Zone.

Civil Works under Implementation:

Civil works under implementation in the fiscal year 2018-2019:

- Construction of 3-storey multipurpose office building adjacent to Central Godown.
- Construction of Boundary Wall at Hazaribag DRS;
- Construction of Office Building at Company's own land in Dania, Dhaka (1st Phase);
- Construction of 3-storey Officers' Quarter with 6-storey foundation at Dania DRS area;
- Construction of Record Cum Store Room at Chinishpur, Narshingdi;
- Construction of walkway at Joydevpur CGS and earth filling including other works at Kumudini DRS, Mirjapur;
- Construction of conference hall & meeting room including interior decoration at 2nd Floor of Head Office Building at Kawran Bazar, Dhaka;
- Vertical Extension of Staff Quarter at Dania DRS Area;
- Construction of guard room, crew room and underground water reservoir at Mirpur DOHS DRS;
- Construction of separation fencing and security post for Tejgaon TBS/DRS according to KPI safety rules;
- Construction of separation fencing and security post for Mirpur-10 DRS according to KPI safety rules; and
- Construction of Boundary Wall of the land purchased for the office of Mymensingh Regional Marketing Division (3rd phase).

Gas supply to the Power Stations:

Gas supply to the Power Stations under process in the fiscal year 2018-2019:

- Gas supply to 22 MW of City Seed Crushing Industries Ltd. (Unit-2).
- Gas supply to 17.6 MW captive power plant of City Edible Oil Ltd.
- Gas supply to 584 MW combined cycle power plant of Unique Meghna Ghat Power Ltd.
- Gas supply to 718 MW (Net) LNG Based combined cycle power plant project.
- Gas supply to 583 MW dual fuel combined cycle power plant of Summit Meghna Ghat-2 Power Company Ltd.

Installation of Pre-paid Gas Meter Project:

The project titled "Installation of Prepaid Gas Meter for TGTDC" financed by JICA, GOB and TGTDC under the Natural Gas Efficiency Project (BD-P78) of Japan's 35th ODA loan package, is at implementation stage. Installation of 200,000 (two lakh) domestic prepaid gas meters, in phases in Dhanmondi, Mohammadpur, Sher-e-Bangla Nagar, Mirpur, Kafur, Cantonment, Khilkhat, Gulshan, Banani, Baridhara, Basundhara, Airport, Uttara, Uttarkhan, Dakhinkhan, Badda, Rampura, Tezgaon, Khilgaon, Motijheel and adjacent areas of Dhaka Metropolitan City is under process. The total approved cost of the project is Tk. 498.94 crore (JICA 440.68 crore, GoB 56.92 crore and TGTDC 1.34 crore) and project duration is from January 2015 to December 2020.

The main features of the prepayment system are easy payment of gas bill, easy access to information, improved customer service, uninterrupted security and protection in using gas, and conservation of natural gas for future generations by using the latest prepaid cards. It is observed that the use of pre-paid meters increases consumer awareness to prevent natural gas wastage and the possibility of saving gas by the domestic users.

An agreement with Pegasus International (UK) Ltd., a foreign consulting firm, was signed on 7 October 2015 for providing consultancy services to implement the project and the consultants commenced their work on 19 October 2015. An agreement was signed between TGTDCCL and Engineering, Procurement & Construction (EPC) contractor Toyokeiki Co. Ltd., Japan on 16 March 2017 and the agreement went into effect from 20 March 2017 in accordance with JICA's concurrence. The meter installation program in the customer's premises started from 17 September 2017. Until June 30, 2019 1,41,976 meters have been installed in the customer premises.



Construction of separate Data Center and Disaster Recovery Center has been completed under this project. POSs have already been launched in different areas under the agreement signed with United Commercial Bank (UCB) Limited for the operation of Point of Sales (POSs) and customers can easily recharge prepaid cards.

Noteworthy that against the RADP for fiscal year 2018-19 i.e., BDT 13,100,00 lac BDT 13,808,65 lac has been disbursed, indicating financial progress of 105.41%. Till date the physical progress of the project is 75%.

"Improvement of Natural Gas Transmission and Distribution Capacities of (TGTDCCL)" project:

This project, to be financed by Company's own fund, has been undertaken with a view to enhancing gas supply, improving the low pressure scenario, and promoting industrialization in Savar, Dhamrai, Manikganj, Sataria, Aricha, and adjacent areas under Titas Franchise Area (TFA). This project involves constructions of 20"Ø X 1000 PSIG X 60.00 KM Transmission Line from Eenga (GTCL Off-take) to Manikganj, construction of 20"Ø X 300 PSIG X 25.00 KM Distribution Mainline from Manikganj to Dhamrai and installation of a new City Gate Station (CGS) at Manikganj, a new Town Bordering Station (TBS) at Dhamrai and modification of Narsingdi Valve Station (VS)#12 within TFA thus capacity development, metering system and load management facilities will be introduced to provide gas to existing and new customers. Liquidity Certificate from Monitoring Cell of Finance Division with a view to implementing the project under Company's own fund has been collected and the Route Survey, Initial Environmental Examination (IEE) & Environmental Impact Assessment (EIA) of this project has been completed through outsourcing. At present, according to the recommendation taken at the meeting held on 10-03-2019 of the Project Evaluation Committee of EMRD for sending the DPP to the planning commission, reconstruction of the DPP is under process.

Clean Development Mechanism (CDM) project:

Under 'Clean Development Mechanism (CDM)' project registered at UNFCCC (United Nations Framework Convention on Climate Change) the leakage of natural gas i.e. Green House Gas (GHG) emission is eliminated from Riser/RMSs above ground. According to project agreement as well as Project Design Document (PDD), TGTDCCL (Host party) with the extensive support of NE Climate A/S, Denmark (Investor) is testing about 5,65,938 Risers/RMSs with Gas Surveyor in Baseline Study Phase. Among these, about 34,790 no of domestic, 152 no of commercial and 2 no of industrial leaky Riser/RMSs have been repaired, which consequently captured about 8,69,371 CFH or 20.86 MMCFD of natural gas.



A view of monitoring gas leakage under CDM project.

Henceforth, experimental repairing was completed on 22-12-2018 under a yearlong 1st phase monitoring plan for rechecking of the repaired Riser/RMSs. Afterwards, verification program of the project was completed on March, 2019 by TÜV SÜD South Asia Pvt. Ltd, a representative organization of UNFCCC. According to that the amount of saleable CERs equivalent to the actual saved gas is found to be 33,78,611 tCO₂ which is 77.16% of the estimated CERs. Furthermore, 2nd Phase Monitoring program has been going on since January, 2019. Using the gas thus saved by this project in the industrial sector will contribute to GDP growth and the preservation of environment as well as foreign currency earning for the next ten years by means of reducing the emission of GHG.

FUTURE DEVELOPMENT ACTIVITIES AND PROJECTS

Respected Shareholders,

I would now like to present before you the projects/activities to be implemented in future for your information:

Distribution Network Rehabilitation Activities:

- Replacement and construction of related service line of 1"Ø to 4"Ø, 50 PSIG gas pipeline and formulation of DPP for shifting/isolation/tie-in operation of leaked gas pipeline to improve low pressure problem at different areas of Dhaka city;
- Preparation of design and estimate for replacing old/leaked gas pipeline to solve low pressure problem of Lalmatia, Mohammadpur area.-

- Preparation of design and estimate for changing 2"Ø and 6"Ø, 50 PSIG distribution and service line gas pipeline on Apex Road, Northern side of Gazipur-Tangail Highway.
- Preparation of design and estimate for changing badly damaged distribution gas pipeline in Tongi, Gazipur.
- Preparation of design and estimate for the removal of the pipeline from the east link road of the Bangabandhu Bridge for the implementation of SASEK Link Road Project-2 Elenga-Hatikumrul-Rangpur Highway 4-lane upgradation project.

Civil Works and Interior Decoration:

- Construction of steel shed adjacent to Central Godown;
- Vertical extension of Nandipara staff quarter;
- Construction of 2-storey Control and Security Building with 4-storey foundation at Kadamtil DRS area;
- Vertical extension of boundary walls at Dania DRS;
- Construction of car parking shed and extension of existing workshop for transport Department at Majar Road, Mirpur; and
- Installation of fire pump, fire door, fire alarm and smoke detector at Head Office Building.

Gas supply to the Power Stations:

Contract signing for gas supply to 12 MW Captive Power Plant of Lina Power and Energy Ltd, is under process.

Replacement of the Existing Gas Network of TGTDC along Joydevpur-Elenga 4-Lane Highway of SASEC Road Connection Project:

This project, to be financed by Company's own fund, has been planned to undertake with a view to relocating the existing distribution lines that have got in the middle of newly constructed 4-Lane Highway from Vogra Bypass to Nacjuri, Konabari, Chandra, Kalakhoir, Mirzapur, Tangail Bypass to Elenga under SASEC connecting road project along Dhaka- Tangail 4-Lane Highway of RHD. There the Company's distribution lines have turned risky. At this backdrop, the Company is going to undertake this project by its own fund in order to avoid safety risk and complication of maintenance works, facilitate new connection and load enhancement process and thus to ensure stable gas supply and ease customer service delivery. Under this project the existing distribution pipe lines from Joydebpur to Tangail will be replaced by the pipe line to be constructed on both sides of the road. Feasibility study of this project with a view to implementing under Company's own fund has been completed. At present, the formulation of DPP of this project is under process.

Replacement of Existing Gas Network of TGTDC along the Joydevpur-Mymensingh 4-Lane Highway:

This project, to be financed by Company's own fund, has been planned to undertake with a view to relocating the existing distribution lines that have got in the middle of newly constructed 4-Lane Highway from Joydebpur to Mymensingh under Joydebpur-Mymensingh Road Improvement Project (JMRIP) of RHD. There the Company's distribution lines have turned risky. At this backdrop, this project will be undertaken by Company's own fund in order to avoid safety risk and complication of maintenance works, facilitate new connection and load enhancement process and thus to ensure stable gas supply and ease customer service delivery. Under this project the existing distribution pipe lines from Joydebpur to Mymensingh will be replaced by the pipe line to be constructed on both sides of the road. At present, DPP of this project with a view to implementing under Company's own fund is under process in order to get necessary approval of TGTDC board.

Replacement and Improvement of Existing Gas Network of Dhaka City and its Digital Mapping (1st Phase):

The Company is going to undertake this project with a view to enhancing gas supply, improving the low pressure scenario, modernizing gas network by incorporating GIS mapping, easing operational and maintenance works and reducing cost thereby, preventing accidents due to leakage and ensuring public safety and proper customer service. At present, detailed cost estimation of this project is under process for formulating DPP.

Construction of gas infrastructure for supplying gas to BEZA's Economic Zones under Titas Franchise Area:

Government is implementing its plan of establishing economic zones in different regions of the country under the umbrella of BEZA in order to boost up the industrialization in Bangladesh. The Company has taken 16(sixteen) gas pipeline construction projects on priority basis to supply gas to BEZA's 16(sixteen) economic zones under Titas Franchise Area. The total gas demand of these 16(sixteen) economic zones is approximately 426 to 496 MMCFD. In order to cater for this gas demand construction of 12"Ø × 140 PSIG × 22.65 km, 16"Ø × 140 PSIG × 112.6 km and 20"Ø × 140 PSIG × 6 km pipeline; construction of a number of new DRSs and modification of several DRSs/M&R stations will be necessary. For this purpose, the construction works of gas pipeline and DRS of City Economic Zone and Akij Economic Zone are in final stage. Besides, the construction works of gas pipeline and modification works of DRS of Abdul Monem Economic Zone and Jamalpur Economic Zone are going on. Engagement process of contractors for Meghna Industrial Economic Zone and Meghna Private Economic Zone is undertaken. Tripartite Memorandum of Understanding (MoU) have been signed among BEZA, TGTDC and the respective economic zones to construct gas infrastructure for other 4(four) economic zones i.e. Aman Economic Zone, Arisha Economic Zone, Sonargaon Economic Zone and Bay Economic Zone. Preliminary cost estimate has been prepared to construct gas infrastructure for other 4(four) economic zones A K Khan Economic Zone, Gozaria Economic Zone, Dhaka Government Economic Zone and Japanese Economic Zone. In addition, feasibility study and joint survey are under process for East-West Special Economic Zone and Basundhara Special Economic Zone. Noteworthy that the gas supply to the economic zones will result in increase of revenue income for Titas along with the socio-economic development of Bangladesh.



A view of pipeline construction site to supply gas at Jamalpur Economic Zone.

DEVELOPMENT OF ICT

Modernization of IT system:

Modern and state of the art web-based Total Integrated Computer System has been set up to boost up all the functions of the Company so as to facilitate improved customer service. Gas bills of metered, non-metered and bulk customers are being processed and ledgers are being maintained by that Integrated Computer System. Salary and wages, GPF, loan, bonus and others related activities for the employees of TGTDC are also being processed by that system.

The following benefits are available from that system:

- ✔ Customers can pay gas bills from any branches of the 34 banks with online banking facility and customer ledger is updated automatically in the central server.
- ✔ Registered Customers are being informed of their gas bills through SMS;
- ✔ Registered Customers can obtain online update about payment and dues;
- ✔ Clients can complain through online facility;
- ✔ E-mail facility has been started through own web-domain;
- ✔ Contact details of the head of the divisions/departments of the Company and awareness building documentary are being displayed in the digital bill board of the ground floor of the head office building.
- ✔ Info regarding salary and bonus are being conveyed to the employees through SMS;
- ✔ Annual/half yearly financial reports and other related info are being processed quickly and correctly through integrated accounting software;
- ✔ Various sections and departments are using centralized software through Virtual Private Network (VPN);
- ✔ The Company has set up its own call center (16496). Anyone can enjoy it access all the clock round to get the required information or can lodge a complaint if required.
- ✔ Clients could be able to pay bills from any place with their credit card and through mobile operator in near future.
- ✔ Clients could be able to collect their balance confirmation certificate from customer portal within a short time.

INFORMATION ON ILLEGAL GAS CONNECTION AND DISTRIBUTION LINE

Disconnection of illegal Gas connection/illegal Gas Distribution Line exclusion:

The Company runs campaign/mobile court under the supervision of the Central Task Force and the District and Upazila Committee for conducting illegal gas disconnection and illegal gas distribution pipeline removal activities. In the fiscal year 2018-19, 138 drives have been carried out successfully in 444 source points to remove 299 kilometers illegal gas distribution line and around 1 lac 12 thousand illegal gas burners have been disconnected in those drives.

GDFIR has been filed against illegal gas users/organizations. 2 (two) annual increment of an officer has been confiscated, 1 (one) annual increment of 5 (five) officers and 4 (four) employees has been suspended, salary level of an officer has been reduced, 1 (one) officers and 3 (three) employees have been given letter of warning/letter of admonition, 2 (two) officers have been transferred with letter of warning and 4 (four) officers were given letter of advice for their involvement with illegal gas connections. Mobile court has fined a few persons/firms for taking illegal gas connections.

Besides, the Company is publishing awareness building/warning notices regularly in the national dailies so that the citizens abstain from laying illegal gas pipeline and taking illegal gas connections. Being influenced by these sorts of notices some illegal gas users in many places voluntarily removed illegal gas distribution lines. Progress on illegal gas distribution line eviction including disconnection is being published as press release. TGTDCCL is continuing drives against illegal gas distribution line including disconnection.



A view of eviction operation of illegal gas distribution lines.

Activities of Vigilance/Marketing/Revenue Divisions of the Company:

The Company's Vigilance Division operates the courtyard inspection/disconnection of customers of industry, CNG, captive power, commercial and residential classes, etc. to prevent gas pilferage and illegal gas use. Vigilance team through this program has been disconnected a total of 52 gas connections including 9 industries, 3 captives, 1 CNG, 9 commercials and 30 residential for their involvement in gas pilferage/illegal connection/gas use in appliance beyond approved capacity in the financial year 2018-19.

Besides, such special inspection/disconnection drives were carried out by different marketing/revenue divisions of the Company. Premises of industries, CNG, Captive power, commercial and domestic customers and 7,018 customers of different categories were disconnected for their involvement in gas pilferage/illegal connection/gas use in appliance beyond approved capacity.

Statistics of disconnection by vigilance/marketing/revenue divisions of Company in the FY-2018-19 is given below:

Customer Category	Disconnection due to gas pilferage/illegal connection/gas use in appliances beyond approved capacity	Disconnection due to arrear bills	Total
Industry	58	133	191
CNG	1	17	18
Captive Power	9	55	64
Commercial	62	232	294
Domestic	920	5,531	6,451
		Total	7,018

MARKETING AND OPERATIONAL ACTIVITIES

Respected Shareholders,

I would like to present on you a brief description of marketing and operational activities of the Company during the financial year under review:

Gas Purchase & Sales:

As there is a deficit in national gas production, in spite of a high demand the Company had to set up a target of gas buying and selling to 17,286.00 MMCM and 16,910.86 MMCM respectively as per allocation of Petrobangla for the fiscal year 2018-19. Against the set target the actual achievement of gas buying and selling were achieved 17,572.89 MMCM and 16,567.61 MMCM respectively.

The sale and purchase of gas during last five years under Titas Franchise Area are furnished in the following table:

(MMCM)

Customer Category	2014-15		2015-16		2016-17		2017-18		2018-19	
	Purchase	Sales								
Power (Govt)	2,224.28	2,136.28	1,964.55	1,929.78	2,083.70	2,052.55	2,008.55	1,965.81	2,641.59	2,483.28
Power (Private)	2,196.05	2,103.47	3,165.46	3,099.54	3,153.18	3,111.54	3,078.15	3,039.84	1,809.44	1,713.65
Fertilizer	776.31	741.23	604.46	586.67	514.84	506.90	319.38	314.93	422.43	394.01
Industry	3,637.28	3,500.15	3,735.18	3,634.41	3,853.91	3,807.49	3,968.08	3,923.38	4,143.64	3,907.37
Captive Power	4,117.66	3,961.01	3,960.76	3,856.70	3,873.75	3,825.48	3,898.98	3,858.12	4,541.92	4,284.99
CNG	754.65	727.18	823.27	800.95	800.32	790.69	763.62	775.22	732.15	691.52
Commercial	150.00	144.10	148.84	144.69	136.00	134.27	128.58	126.99	115.59	109.01
Domestic	2,191.24	2,103.45	2,602.12	2,531.57	2,821.13	2,788.07	2,969.03	2,937.46	3,165.91	2,983.78
Total	16,946.49	15,416.87	17,044.65	16,583.33	17,236.83	17,018.99	17,154.52	16,961.75	17,572.89	16,567.61

In the financial year 2018-19 volume of total gas sales was 16,569.05 MMCM including condensate which is equivalent to 1.44 MMCM of Gas. In the income year, 1.39 MMCM gas has been used for own operational activities. The system loss has been calculated by deducting net purchase 17,572.89 MMCM (Total purchase less own use) from the said total sales of gas 16,569.05 MMCM.

It is mentioned that from 18.09.2018 the volume of minimum charge and higher heating value has been excluded from Gas sales volume which was included in sales volume in the 2017-18 financial year as per BERC order # 2018-03 date 16.10.2019.

Present Gas Supply Scenario and Measures Taken to Improve Gas Supply:

Presently in Bangladesh 6 gas distribution companies are supplying gas through gas distribution network in their respective jurisdiction areas. Among this TGTDC is supplying 56.17% of the total gas produced in the country.

Presently TGTDCCL is transmitting and distributing about 1,800 MMCFD gas through its network. As a result the low pressure problem in Dhaka metropolitan area has been improved a lot. To combat production shortfall in gas field or tripping of compressor, by-passing of distribution lines is continuing in all DRS/TBS as supply side management. The gap between demand and supply has been reduced to some extent as the gas production reached at about 3200 MMCFD. Even then 500 MMCFD short fall still persists in TGTDCCL's distribution system. Conforming to Government decision continuous gas supply with adequate pressure has been ensured in all the power plants within TFA to increase power generation during holy Ramadan and irrigation season.

In order to meet the existing demand of natural gas primarily about 600 MMCFD imported LNG is being supplied to the national gas grid via Floating Storage and Regasification Unit (FSRU) built at Moheskhal. As a result TGTDCCL is exhibiting an increase of about 150 MMCFD natural gas supply in its network, improving low pressure scenario to some extent amongst the end users of gas. The accomplishment of the construction of Moheskhal-Fouzderhut and Fouzderhut-Feni-Bakrabad gas transmission pipelines is expected to increase the gas supply to a great extent. Besides, to cater for the increasing demand of gas by means of imported LNG the construction of more FSRU's and Land Based Terminal is under process under the supervision of Petrobangla along with the necessary steps for small scale import of LNG.

Taking illegal gas connections by illegal expansion of distribution line by some dishonest citizens has created low pressure crisis in some areas. Drives against illegal gas distribution line including disconnection is going on to resolve this problem.

FINANCIAL ACTIVITIES

Respected Shareholders,

I would like to present to you a brief description of the financial activities of the Company during the financial year for your kind information:

Revenue & Realization:

It is being inform you that in the financial year 2018-19 the Company sold total 16,567.61 (without condensate) million cubic meter gas and earned revenue an amount of Tk.13,424.33 crore &Tk.14,153.93 a total crore along with minimum charge, Higher Heating Value, meter rent & surcharge, which was Tk.14,189.93 crore in the financial year 2017-18. Against the total receivable of the year Tk. 14,153.93 crore total realization is Tk.13,605.09 crore with which is Tk. 548.87 crore less than the receivable.

The information as to realization of revenue against the customer categories are furnished below:

(Crore Taka)

Customer Category	2018-19			2017-18		
	Revenue receivable	Realization	(Less)/ Excess	Revenue receivable	Realization	(Less)/ Excess
Power(Govt.)	704.63	673.17	(31.46)	627.51	588.88	(38.63)
Power(Private)	1,488.66	1,273.91	(214.75)	1,348.78	1,318.21	(30.57)
Fertilizer	72.68	102.57	29.89	119.98	85.47	(34.51)
Industry	3,137.12	3,103.79	(33.33)	3,034.10	2,943.57	(90.53)
Captive Power	3,609.90	3,549.54	(60.36)	3,589.02	3,448.03	(140.99)
CNG	2,275.41	2,300.24	24.83	2,506.49	2,434.94	(71.55)
Commercial	209.52	211.04	1.52	230.99	216.46	(14.53)
Domestic	2,656.01	2,390.83	(265.18)	2,733.03	2,659.41	(73.62)
Total	14,153.93	13,605.09	(548.87)	14189.93	13,695.00	(494.93)

In the concerned year, Accounts Receivable have been increased by TK,548.87 crore as the realization is less than the gas sales. In the financial year 2018-19, 94 new cases (Money, Civil, Judiciary, Administrative, Writ and others suits) have been filed in order to realize the arrear from the customer and 206 cases have been concluded. There are 1,223 litigations under sub judiciary. In the income year 2017-18, the number of Money suit was 1,335. In the concerned income year Tk. 14.97 crore has been realized from litigated customer and the amount was Tk. 17.68 crore in the last income year.

Financial Performance:

Financial Result compared with last year is detailed below:

(Crore Taka)

Description of Item	2018-19	2017-18	Increase/(decrease)
Paid up Capital	989.22	989.22	-
Revenue Reserve	5,710.96	5,493.79	217.17
Long term Liabilities	2,391.56	1,946.56	445.00
Current Liabilities	7,118.41	6,405.03	713.38
Long Term Investment	4,424.79	4,825.25	(400.47)
Fixed Asset	1,465.43	1,372.87	92.55
Current Asset	9,308.93	7,737.04	1,571.89
Sales and Other Income	14,164.48	14,216.06	(51.58)
Cost of Sales	13,433.99	13,713.04	(279.05)
Gross Profit	730.48	503.02	227.46
Administrative Cost	479.88	435.34	44.54
Transmission & Distribution Cost	10.23	9.84	0.39
Income Interest and Non-operational Income	403.77	399.80	3.97
Net Profit Before Tax	626.63	453.20	173.43
Net Profit After Tax	464.47	338.99	125.48
Earning Per Share(Taka)	4.70	3.43	1.27

In the concerned year due to the after tax profit of Tk. 464.47 crore included in revenue reserve & declared dividend for FY 2017-18 of Tk.247.30 crore transferred from revenue reserve to current liabilities, hence an amount of Tk.217.17 crore has been increased in this head. Out of long term liabilities, local and foreign loan Tk. 80.64 crore, customer security of Tk.322.60 crore, retirement obligation of Tk.40.24 crore and other liability 1.5 crore has been increased. That is why total long term liabilities have been increased by Tk. 445.00 crore. The fixed deposit stands at Tk. 4,424.79 crore decreased by Tk.400.47 crore in the year.

Accounts Receivable has been increased by Tk,548,87 crore due to less realization in comparison with receivables Accounts Payable increased by Tk,532,28 crore and the balance stands on Tk,3,948,82 crore.

Though in this year the volume of gas purchase increased by 418.36 MMCM the sales volume of gas has been decreased by 394.14 MMCM. The system loss has been increased by 3.94% which was 1.21% in the last financial year. The administrative & other expense, Transmission & Distribution expenses has been increased by Tk. 44.54 crore and 0.39 crore respectively and other operational income has been decreased by Tk.3.88 crore. On the other hand, non-operational income increased by Tk.3.96 crore. As the sales revenue & other operational income and cost of gas sales has been decreased by Tk. 51.58 crore and Tk. 279.05 crore respectively, the gross profit has been increased by Tk. 227.46 crore.

Pre-tax and after-tax net profit:

The Company has earned a net profit before tax and net profit after tax of Tk,626,63 crore & Tk,464,47 crore respectively during the financial year 2018-19 and the amount of that was Tk,453,20 crore & 338,99 crore in the last year. During the year the earning per share (EPS) is Tk.4.70 and it was Tk.3.43 in last financial year.

Dividend:

Subject to the approval in 38th Annual general Meeting (AGM), of the Company board of directors recommended cash dividend 28% against book value of every 10 Taka per share that means the declared dividend is tk,2,60 for every share of 10 taka.

Significant variance between Quarterly and Annual Financial Results:

Deferred Tax Liabilities & Deferred Tax Expense was not considered in preparing accounts of 1st, 2nd & 3rd quarter of the Company. In preparing accounts in the financial year 2018-19, Deferred Tax Expenses & Deferred Tax Liability has been considered and Deferred Tax Liability of Tk.2.95 has been accounted as Deferred Tax Liability up to 30 June 2019.

Auditor of the Company has given the following qualified opinion in the audit report:

- Long-term liabilities as disclosed under Note # 24 to the financial statements include customers' security deposit of Tk. 1,842,39 crore as on 30 June 2019. The Head Office of the Company maintains control ledgers with the information being received from zone offices. But during our audit at zone offices we could not check and confirm such balances with the records of zone offices as the zone offices' general ledgers were not updated. Further, any list, address or any other particulars of the parties could not be made available to us. As a result, we could not ensure accuracy of the balances from the records of the zone offices as well as sending balance confirmation letters to the parties.
- Required provision for pension fund of the entitled employees of the Company as on 30 June 2018 was Tk. 819.74 crore as per actuarial valuation done by M/s. Z Halim & Associates. As on the said date the Company's provision for the pension fund was Tk,30,00 crore resulting in a shortfall of provision of Tk,789.74 crore for the said fund. The actuary firm, M/s. Z Halim & Associates recommended to make an annual provision of Tk,188,90 crore for next five years to make up the said deficit. Further, for the year under audit the required provision for the said fund has increased by an amount of Tk,59,62 crore and an amount of Tk,51,58 crore has been paid by the Company to the outgoing employees as final settlement. As such the required provision for pension fund as on 30 June 2019 has stood at Tk,827,78 crore. But the management of the Company on the ground of inadequacy of fund as well as insufficient yearly profit decided to initially provide Tk,188.90 crore in three years commencing from 2018-19 and thereafter will further review the provision amount for the subsequent years. Accordingly, the Company has provided only Tk,62,00 crore in the year 2018-19 against the deficit up to 30 June 2018 and further Tk,24,84 crore for the current year. As a result, the provision for pension fund has remained short by Tk,740.94 crore in the accounts as on 30 June 2019.

- Due to delay in payment of bills by the bulk customers (Power- PDB) the Company calculates and charges penal interest on the bill amounts of the respective customers. As such a total amount of Tk,51,36 crore has been recognized as interest income up to 30 June 2019 and included in Trade & other receivables shown under Note # 11. On the other hand, the company accounted for meter rent charges on its customers namely, PDB for Tk,43,08 crore up to the year 2018-19. The Company has been recognizing these income and receivables since the year 2002. Out of the said aggregated amount of Tk,94,44 crore, there is no realization till date. On a query we came to know that the said customers are not interested to pay such penal interest as well as meter rent charges which remain unrealized for long. As a result, there is a substantial doubt as regards realization of the said penal interest and meter rent receivable which require full provision in the accounts.
- During the year under audit the Company has incurred system loss of gas for a quantity of 1,003,834,042 CM equivalent to the value of Tk,769,85 crore. But the allowable rates of system loss for distributable quantity of gas transmitting through the pipelines of Titas Gas Transmission and Distribution Company Limited (TGTDC) and Gas Transmission Company Limited (GTCL) are 2% and 2.25% respectively as per order # 2018/03 dated 16 October 2018 of Bangladesh Energy Regulatory Commission (BERC). As such the allowable system loss of gas for the year under audit should have been 310,833,899 CM against the value of Tk,238.38 crore. As a result, the Company has incurred a loss of revenue of Tk,531.47 crore due to excess system loss of gas for the year ended 30 June 2019. This excess loss of gas/revenue might be caused due to unlawful consumption of gas through unrecorded/illegal gas lines. Moreover, as disclosed in Note # 33 to the financial statements, the Company has occurred 'Disconnection & Reduction of system loss cost' for an amount of Tk,0.855 crore. This expense was incurred for disconnection & reduction of illegal gas connections during the year under audit, which indicates that the Company has illegal gas connections for which the Company is losing substantial amount of revenue every year.
- The carrying amount of inventories as shown in the statement of financial position as on 30 June 2019 is Tk,199.72 crore. But the accounting policies of Company state that inventories are valued at cost which is a non-compliance with International Accounting Standard (IAS) 2 : Inventories. IAS 2 requires valuation of inventories at the reporting date at the lower of cost and net realizable value. The Company did not conduct physical verification of inventories as on 30 June 2019. Last physical verification of inventories was done for the year ended 30 June 2013. As per the said verification, dead stock worth Tk,10.44 crore and obsolete stock worth Tk,3.33 crore were identified by the inventory committee at that time. But the Company did not make any adjustment in the accounts for the said items. It indicates that the inventories as on 30 June 2019 may include huge quantities of dead and obsolete items which could not be identified including determination values thereof due to lack of information. Thus the carrying amount of inventories of the Company as on 30 June 2019 appears to overstated.

The Company's statement regarding auditor's opinion:

- The company is recently on the way of transforming its financial activities into automation from manual system. The schedule of security deposited by the industrial, captive, CNG, commercial, metered & non-metered domestic customers is in the process of completing which could not be done within the audit period due to some complexity regarding the issue;
- Z. Halim & Associates, Chartered Accountants had been appointed actuary for determining the actual pension liability and the management of the company, considering the scarcity of funds, inadequate profits & future financial conditions agreed to maintain the provision for that fund as of their suggestions step by step. In this connection, the company decided to provide initially Taka 188.90 crore through the next three years commencing from the year 2018-19 and after that to re-determine the actual liability then for the next years;
- According to the sales policy of the company penal charge is imposed for failure of payment of the bills by due date and a service charge/meter rent is billed included in the monthly gas bills on the metered customers. Some of the customers under Bangladesh Power Development Board (Power-PDB) are reluctant from paying meter rent/service charge along with gas bills and some other customers of Power Private refrain from paying late payment penalties for a long. The company has being putting efforts with the related customers to collect the dues and is expected to start the collection procedure in near future;

- A central task force and Zila & Upazila committees have been formed for running the activities of disconnecting illegal gas connection and removing of illegal distribution lines. The company initiated 138 drives with the help of said committees and local administration during FY 2018-19. By the drives 299 KM of illegal pipelines was removed as well as a total of 1,12,454 illegal burners have been disconnected. On the other hand, GDs/Cases were filed against the illegal gas users/institutions. Several individuals/institutions of illegal users were fined through driving mobile court. 14 officers and 7 staffs of the Company were charged for punishment of different levels for being involved in illegal connection activities. Beside that, publicity is being carried out through paper & electronic media for refraining people from illegal line establishment and illegal connections. Drives against illegal connections and removing of illegal lines are being continued.
- Items included in the inventories of the company is being maintain for smoothing the natural gas supply services but not for selling them indeed. Inventories consists of those items used for rendering quick and normal customer services. There is no alternative market of those items in the country for being specialised business nature. In that context, IAS-2 : Inventories is deemed not to be supported for those inventories. Despite, the management of the company realised a part of the said inventories is been un-usable and un-required for being remain unused for a long time due to change in technologies, change in demands and change in types of services. Accordingly, the company is in the process of disposing of those un-usable and un-required items through the due rules/policies from the books.

Extra-ordinary gain or loss:

There was nothing happened for abnormal gain or loss.

Related Party Transaction:

As a part of normal activities of the Company, it performs different types of transaction with the concerned authorities. Here is a presentation of related party transaction as per the IAS-24.

(Core Taka)

Name of Parties	Relationship	Nature of Transaction	Net Transaction During the Period	Outstanding as on 30.06.2019 (Payable)	Outstanding as on 30.06.2018
Petrobangla	Controlling Authority		12,111.80	(3,676.10)	(2,767.50)
BAPEX	Inter Company	Gas Purchase	95.20	(20.20)	(31.50)
BGFCL	Inter Company	Gas Purchase	701.20	(85.60)	(551.90)
GTCL	Inter Company	Gas Transmission	549.40	(166.80)	(65.70)
BPAEX	Inter Company	Inter Company Loan	-	130.00	130.00
GTCL	Inter Company	Inter Company Loan	176.00	847.80	671.70
			13,633.60	(2,971.00)	(2,614.80)

Remuneration of Directors:

Honorable Directors of the Board have been paid fixed attendance fee on presence of board meeting.

Payment to the National Exchequer:

Titas Gas is not only earning profit, it is also playing an important role in the national economy by contributing significantly to the National Exchequer through regular payment of CD/VAT, Corporate Tax, Dividend and DLS. During the financial year the Company paid a total of Tk. 592.55 crore to National Exchequer Payments to the Government Exchequer.

Payments to the Government Exchequer during the last five years are given below:

(Crore Taka)

Category	2014-15	2015-16	2016-17	2017-18	2018-19
Dividend	281.92	111.28	148.38	163.22	185.48
Corporate Tax	326.79	338.10	347.18	342.89	362.60
DLS	25.02	24.97	24.32	24.28	25.74
CD/VAT	23.53	9.25	7.34	28.08	18.73
Total	657.26	483.60	527.22	558.47	592.55

Balance Confirmation Certificate:

In the interest of lesser customer harassment and confirming the balance of dues, certificates are being sent from the company at the end of every calendar year to the customer of all categories. Accordingly, certificates have been issued to the customers of all classes by Shaowing "Amount of gas bill outstanding"/ "No outstanding dues" to the customer of all categories till 31 December 2018.

ADMINISTRATIVE ACTIVITIES

Respected Shareholders,

Company's overall performance depends upon a strong and efficient administrative system. TGTDCCL, as the major gas marketing Company attaches due importance to the need of improved customer service and with this end, a "Revised Organogram" was introduced in the Company in August 2006. Apart from this, "Service Rule, 2008",

"Promotion Rules, 2008", "House building/Land purchase/Hat purchase loan rules, 2010", "employees travel allowances rules-2012" and "Motor-cycle Purchase Loan Rules-2014" have been introduced. Highlights of the Company's administrative activities in fiscal year 2018-2019 are given below:

Manpower:

According to Company's organogram-2006 (Partially Amended later) there are 1,247 posts of officers and 2,493 posts of employees against the approved total manpower of 3740. Among total 2,233, 965 officers and



A view of the inaugural session of the orientation programme of the newly recruited officer.

1,268 employees were employed as on 30 June, 2019. However, 105 officers and employees retired normally in this financial year. Apart from this, 1 officer voluntarily retired and 3 officers voluntarily resigned. According to Company rules, 2 officers were dismissed as per Company's rule and 15 officers and employees died. A total of 155 officers and 166 employees have been promoted to various positions and 4 employees have been appointed in the financial year 2018-19.

Human Resources Development:

The development of work-environment, acquisition of knowledge and appropriate utilization of earned experience are vital for improving the standard of any organization. Subject-based training plays an important role in human resource development. As a part of the implementation of present government's vision of building Digital Bangladesh, human resources management activities have been incorporated in HR module under e-software and official activities have been carrying out by means of e-filing. With a view to enhancing knowledge, experience and work efficiency amongst the officials and employees of all strata, various local/foreign trainings/workshops/seminars have been arranged in 2018-19 financial year by the Company's own fund in various famous institution of home and abroad. The particulars of these trainings/workshops/seminars are furnished below:

A) Information related to local training in FY 2018-19

SL No.	Subject	Number of Training	Number of Participants
01	Technical & subject based training	54	419
02	EVC/RMS Meter/Conduct & Discipline/E-filing/Orientation based In-House training	08	276
03	Internship	11	11
04	Seminar & workshop aimed at increasing Technical efficiency and coordination	08	183
	Total	81	889

(B) Information related to foreign training in FY 2018-19

SL No.	Name of the Country	Number of Training based on cadre & integrated subject	Number of Participants
01	Russia	01	01
02	Spain	01	01
03	Indonesia	01	17
04	Thailand	01	17
05	South Korea	01	01
06	Egypt	03	68
	Total	08	105

Management-Employee Relations:

Management-Employee Relationship is quite cordial and satisfactory in this Company. The election of the executive council of Titas Gas Employees' Association for CBA (Reg. No-B 1193) took place on 1st October 2019. In this election Kazim-Ayaz panel have been elected with a huge vote. Executive Council of the CBA is co-operating the management for promoting management-employee relations, settlement of fringe and other benefits, improvement of customer Services, reduction of system loss and realization of accounts receivables etc.

Education:

Titas Gas Adarsha Ucha Bidhalay is established in 1987 at Demra, with the initiative of the Company which creates an opportunity to acquire quality education for the children of the Company employees and for the locals. From its inception the school made outstanding results in SSC examination including 5th and 8th grade. In 2019, Total 90 students appeared at the SSC examination and 98.88% of them passed in different grades with 17 students A+, 69 students A and 03 students B Grade. In the calendar year of 2018, total 100 students appeared at Primary Education Certificate Examination(PEC) and 100% came out successful. Among them 58 Students obtained A+, 41 obtained A & 01 obtained A- grade. In the same year, 82 Students appeared in Junior School Certificate(JSC) examination where 07 students secured A+, 52 obtained A, 16 obtained A- & 07 students aquired B grades. This is to be mentioned that 03 and 01 number of students were awarded Talentpool & General Scholarship respectively in Primary Education Certificate Examination(PEC) and 02 students were awarded General Scholarship in Junior School Certificate(JSC) examination held in year 2018.



A view of inauguration ceremony of Annual Sports Competition of Titas Gas Adarsha Ucha Bidhalaya at Demra

Employee Welfare:

The Company undertakes various motivational activities to improve human values, mutual understanding, interpersonal relationship and loyalty among the officers and employees. In the year 2018-19 the Company arranged the following social, cultural, religious and entertainment programs on regular basis:

Scholarship & Financial Assistance Program:

Employee's dependents who come out successful at Primary, Junior, Secondary, Higher Secondary, Bachelor and Masters Degree, are awarded Scholarship in every year under "Titas Gas Scholarship and Financial Assistance" program. Under this program, 52 students of Class V, 40 of Class VIII, 106 of SSC and Equivalent, 65 students of HSC & Equivalent, 28 of Bachelor and Masters Courses, 01 of Diploma in Engineering, in total 292 students have been awarded scholarship in different grades in 2018-19 fiscal year.

Loan:

In order to facilitate the officers and employees by means of financial provision of the Company budget, a tune of Tk. 97.08 crore has been allocated to provide loan for the purchase of land and motorcycle, construction of houses and computer purchase to implement the government policy for promotion of information technology in the fiscal year 2018-19.

Religious Program:

Various religious events such as dua and Iftar Mahfil, Milad, meeting of mourning and remembrance are arranged in the Company. Apart from this in the fiscal year 2018-19 total Tk. 210 thousand was granted for 7 officers' funeral assistance who died while in service where each family received TK. 30,000.00. Besides Tk. 8.00 lac was granted for each family of 7 officers' who expired while in service which summed up Tk. 56 lac.

Sports and Entertainment:

Titas Club regularly takes part in the Premier Volleyball League of Bangladesh Volley-Ball Federation. Till date in this competition, Titas club won the glory of 3 times-Championship title and 9-times-Runner-up title including consecutive two championship title in 2016 and 2017. In addition to being a champion in the Federation Cup competition in 1998, Titas Club has earned the distinction of become runner-up for 8 times by participating in National Volleyball Competition, Independence Day Volleyball Competition, Victory Day Volleyball Competition and Bangladesh Olympic Competition.

"Annual Sports Competition-2019" was held at BUET playground with the participation of the Company's officials and employees of all strata. Apart from this, Titas Club and different Divisions/Departments arranged picnic for entertainment of the employees during the year.



A view of Inaguration ceremony of Annual Sports Competition-2019 of Titas Club at BUET playground.

Corporate Social Responsibility (CSR):

As a part of Company's running Corporate Social Responsibility (CSR) Tk. 7.00 lac has been donated to different organizations in the fiscal year 2018-19, from which Tk. 1.00 lac to Protibondhi Kallayan Songhohi, Tejgaon; Tk. 2.00 lac for the medical treatment of Mr. Sohel Rana, a player of Titas Club; Tk. 3.00 lac for the medical treatment of Petrobangla's DGM Mr. Syed Nazmul Haque and Tk. 1.00 lac to Mr Mehedi Hasan, Assistant Commissioner of DC Office, Tangail have been donated.

National Integrity Strategy (NIS):

With a view to gathering up-to-date experience for implementing national integrity strategy in the Company and enhancing capacity as to this, 2(two) officials of Innovation team, APA team and National Strategy Team were provided with related foreign training. The Company has planned to organize further foreign training programs for 3(three) officers of associated Innovation team and 1(one) officer of National Strategy Team in order to encourage Integrity Strategy under time-bound work plan and to bring about dynamism, efficiency and transparency in the Company activities.

In order to implement the National Integrity Strategy, a stakeholder coordination meeting has been organized in the Company. Idea/opinion boxes have been placed at the bottom floor of the Company's Head Office to introduce of the ideas/opinions and Innovation Methods. The Company is in the process of developing Mobile Apps to formulate accurate and perfect gas bills.

Annual Performance Agreement (APA):

GoB has introduced Government Performance Management System for qualitative and quantitative evaluation of the performance in the public sector. Under this umbrella Annual Performance Agreement (APA) system has been initiated. APA between EMRD and Petrobangla and between Petrobangla and each Company under it is signed every year. A TGTDCCL official has been assigned as a focal point for preparing APA properly and necessary communication with Petrobangla. TGTDCCL has been signing APA with Petrobangla since 2014-2015 and making it effective since then. APA for the fiscal year 2019-20 was signed between Chairman, Petrobangla and Managing Director, TGTDCCL on 20 June 2019.



A view of APA signing ceremony between TGTDCCL and Petrobangla.

Innovation Activities Implemented in the Company:

In pursuant to the govt. direction and to provide better service to the people through establishing transparency and to ensure good governance in the public administration, TGTDCCL has constituted an Innovation Team. ICT Division of the Company has already implemented the following 2 Innovative ideas of this innovation team.

Meter Reading Management through Mobile Apps: These apps will help facilitate and expedite bill preparation and its realization process. This app has already been prepared and is now in piloting phase for its customers under Metro Dhaka Marketing Department-4 Region.

Establishment of digital boards with the locations of Divisions, Departments and Sections: A digital display board has been placed in front of the elevators on the first floor of the Company. It displays the names with photos, designations and locations of the officials (up to DGM) working at the Company's headquarters. Various information/emergency telephone numbers/hot line numbers/zone office addresses etc. along with the awareness building videos are being displayed on this digital board. The awareness of the customers is increasing thereby and the service seekers are getting the expected service easily.

Health, Environment and Safety:

Natural gas is an environment friendly energy. It has been playing an important role in the economic development of the country. Safe use of natural gas is of paramount importance. For this reason, safety of different stations and environmental activities including the safety of gas pipelines and stations, health and safety of the people who are engaged in system operation and maintenance are given due importance. The following actions are undertaken in respect of health, environment and safety:

Health:

The employees of the Company are given health allowance as per Government rule. The physicians of the Company provide health services to the employees and their dependants.

Environment:

Global warming potential of Natural Gas (Methane) is 22 times that potential of carbon-di-oxide. Taking this fact into consideration and with a view to reducing wastage of natural gas sincere efforts are made to keep the emission of gas to a minimum level during any operation and maintenance activities. The rules and regulations of the Department of Environment are being strictly followed while implementing transmission and distribution projects of the Company. Special care is given so that damage to the environment remains low at the time of gas route selection. Apart from this, gas venting to the atmosphere are kept at possible lowest level during emergency and maintenance operations. Efforts are always made to ensure that no spillage of condensate occurs during collection and handling. To preserve the environmental balance, a large no. of trees was planted at different installations of the Company under "Tree Plantation Program" during the year under review.

Safety:

Safety at all levels is given due importance in the construction of pipeline facilities and system operation in strict compliance with Bangladesh Natural Gas Safety Rules and applicable Environment Regulations. As a result, overall system of the Company still remains in safe condition since the birth of the Company. Small leakages are repaired instantly. Pipeline integrity is ensured by regular patrolling of transmission and distribution pipe lines. Preventive maintenance after certain time period including test of gas leakage from installations and condensate leakage test is examined. To prevent the corrosion of pipeline and for activation of CP (Cathodic Protection) system PSP reading at every CP point is monitored on regular basis. Necessary actions are taken to test the fire protection equipment (CO2/Dry Gas Powder) and to set up the fire protection equipment where no equipment is available. General Diary is lodged with the police and Chief Inspector of Explosives is informed by Emergency Gas Control Section in case of violation of natural gas safety regulations such as shifting of riser by the customers in illegal way or in case of accident occurred by any other means. For avoiding gas accident and to increase awareness among customers, advertisement is being circulated to Electronic and Print Media in different morales. To avoid faults and accidents during the system control operations, safety auditing of most of the important stations is done once a year, under Petrobangla's supervision and Company's initiation. According to the annual program, safety auditing of stations is being done by the concerned department, once in a month.

Emergency Response:

The Company has Emergency Gas Control Centers at Dhaka Cantonment, Postogola, Mirpur including the 24-hour central emergency control room at Motijheel. All the emergency calls were promptly attended to ensure safe and smooth supply of gas to the customers and to avoid probable accident and loss.

Statistics of Emergency calls received and attended during FY 2017-18 and FY 2018-19 are presented below:

Category of Calls	2017-18	2018-19
Fire	186	204
Leakage	6,584	5,876
Low Pressure	240	140
No Gas	1,473	1,203
Others	886	951
Total	9,369	8,374

Improved Customer Services:

In order to ensure improved customer services, measures have been taken for construction of gas pipeline network through the enlisted contractor of the Company. Steps are being taken by imparting training to ensure improved customer services, installation of pipeline network, and installation/modification of CGS/TBS/DRS for ensuring the future gas demand of the customers and to improve the low pressure problem prevailing in different parts of Dhaka Metropolitan City and adjoining areas, during winter season.

Internal Control System:

A well-designed internal control system; its effective implementation and monitoring from time to time play a vital role in achieving the overall success and goals of the Company. The current Board of Directors of the Company is conscious about maintaining a well-developed Internal Control System as well as its effectiveness to the Company. For that, an Audit Committee consisting of 3(three) directors including an Independent Director who is also the chairperson of the committee, is performing its role as a sub-committee of the Board. At present, the internal audit report of the 'Audit Division' who is conducting the internal audit activities of the Company and implementable issues in accordance with the "Management Report" provided by the Company's external auditor is submitted to Audit Committee.

As per the recommendations of the Audit Committee, the Board of Directors provides decision-making and guidance on matters related to the Internal Control System, including the implementation issues.

Respected Shareholders,

Titas Gas has embarked on six decades after completion of five decades of its operation. I sincerely hope that you will continue an important role for the overall development of the Company. I express my sincerest gratitude to all of you for your kind presence in this Annual General Meeting.

As per the directives given by the Energy & Mineral Resources Division, Titas Board and Petrobangla, and under the able guidance of Titas management the Company also achieved noteworthy success in all aspects including financial aspects in the fiscal year 2018-19.

Due to shortage of supply, gas supply was disrupted in some areas of TFA, for which Company regrets it with due sincerity.

The Company is grateful for the able guidance and co-operation received from the members of the Board of Directors of the Company, Bangladesh Securities and Exchange Commission (BSEC), Petrobangla, Ministry of Power, Energy and Mineral Resources, Ministry of Finance, Planning Commission, MED, National Board of Revenue, BERG and other Government Agencies. I would like to put on record our thanks to the donor agencies for their keen interest and financial assistance in the development activities of the Company and wish to get their all out co-operation in future.

I would like to congratulate the officers and employees of the Company of all levels on behalf of the Board of Directors for shouldering their responsibilities with devotion for the development of the Company.

In the end, it is my pleasure now to place the Report of the Board of Directors along with the Audited Accounts for the FY 2018-19 before the respected Shareholders for their kind consideration and acceptance.



(Abu Hena Md. Rahmatul Muneem)
Chairman