

**Independent Performance Evaluation (IPE) Report
on
Karnaphuli Gas Distribution Company Ltd (KGDCL)
For 2022-23**

Table of contents

	Executive Summary	1
1.	Introduction	1
2.	Role and Functions	2
3.	Core Business	2
4.	Evaluation Parameters	3
5.	IPE Process	10
6.	Performance Evaluation Results	11
7.	Interpretation of Results	14
8.	Findings from Audit Report 2022-23	15
9.	Recommendation for Performance Based Incentives	15
10.	Recommendations for Improvements	16
11.	Conclusion	16
Annexure		
	Annexure – 1: Financial Information	17
	Annexure – 2: Non-Financial Information	20

Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 10 (ten) SOEs/ABs in total 20 (twenty) SOEs/ABs to conduct Independent Performance Evaluation for the fiscal year 2022-23.

Karnaphuli Gas Distribution Company Ltd (KGDCL) is included in the list of 20 selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2022-23. As per the result of IPE, Karnaphuli Gas Distribution Company Ltd (KGDCL) has obtained a weighted average score of 2.58 out of 4.00 and graded 'Good' in FY 2022-23.

1. Introduction

The Energy and Mineral Resources Division issued a notification on November 11, 2008, to reorganize Bakhraabad Gas System Ltd., leading to the creation of Karnaphuli Gas Distribution Company Ltd. (KGDCL) with the objective of developing the gas sector and enhancing the quality of customer service. Subsequently, KGDCL was incorporated as a Public Limited Company on February 8, 2010, under the Companies Act 1994, with an authorized capital of Tk. 10,000,000,000, divided into 1,000,000,000 ordinary shares of Tk. 10 each. The prime objective of KGDCL is to ensure the uninterrupted distribution of natural gas to its customers. Oversight responsibility for the company rests with the Energy and Mineral Resources Division under the Ministry of Power, Energy & Mineral Resources. The operational activities of KGDCL include the following:

Key Operational Activities

SL No	Particulars	Unit	FY 2020-21	FY 2021-22	FY 2022-23
1.	Total Customers	Nos.	602,338	601,703	601,028
2.	Gas Purchases	MMCM.	3,141.27	3,062.22	2,855.65
3.	Gas Sales	MMCM	3,189.85	3,095.86	2,785.02
4.	Installation of Gas Pipe Line	Km.	11.51	3.83	6.00
5.	System Loss / Gain	%	1.55 % (Gain)	1.10% (Gain)	2.47%(Loss)

Source: KGDCL

Over the three fiscal years, KGDCL's operational data reflects notable trends. The total number of customers slightly declined by 0.22%, from 602,338 in FY 2020-21 to 601,028 in FY 2022-23. Gas purchases dropped by 9.1%, from 3,141.27 MMCM in FY 2020-21 to 2,855.65 MMCM in FY 2022-23, while gas sales decreased by 12.7%, from 3,189.85 MMCM to 2,785.02 MMCM during the same period. Pipeline installation showed significant year-on-year variability, with a 66.7% decrease in FY 2021-22 (3.83 km) compared to FY 2020-21 (11.51 km), followed by a 56.6% increase in FY 2022-23 (6.00 km). System efficiency deteriorated markedly, shifting from gains of 1.55% and 1.10% in FY 2020-21 and FY 2021-22, respectively, to a loss of 2.47% in FY 2022-23, reflecting operational inefficiencies or challenges such as leaks or theft. These figures indicate a mixed performance, with infrastructure development and system losses requiring immediate attention.

2. Role and Function:

Karnaphuli Gas Distribution Company Ltd (KGDCL) mainly performs the following functions:

- i. Purchase natural gas from gas Producing Companies and other gas suppliers.
- ii. Supplies natural gas to various categories of customers in accordance with the Gas Act 2010.
- iii. Provides training to develop skilled manpower in the gas sector.
- iv. Installs pre-paid meters.

3. Core Business

- i. Develop the annual gas procurement plan to ensure an uninterrupted supply of gas to customers within the KGDCL service areas.
- ii. Install and expand the gas pipeline infrastructure to meet growing demand.
- iii. Enhance vigilance efforts to prevent and address gas theft effectively.

4. Evaluation Parameters

Criteria: Business and Governance

Indices: A. Business Strategy and Social Responsibility

Table 1(a): Standard of Indices A

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Entity Strategy							
	• Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Growth Trajectory							
	2a. Net Income Growth	QN	4	10.00% or more	8.00 % to 9.99%	6.00% to 7.99%	4.00% to 5.99%	Below 4.00%
	2b. Service Revenue Growth	QN	4	20.00% or more	15.00% to 19.99%	10.00% to 14.99%	5.00% to 9.99%	Below 5.00%
	2c. Other Growth	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Effective Implementation of Public Policy • Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
5	Social Contribution • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 1(b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Entity Strategy						
	1a. Entity Strategic Plan	QL	4	91.00%	Excellent	4	Note 1
2	Growth Trajectory						
	2a.Net Income Growth	QN	4	(83.39) %	Under Performing	0	AFS Note 2
	2b Service Revenue Growth	QN	4	11.39%	Good	2	AFS
	2c. Other Growth	QL	4	92.00%	Excellent	4	Note 3
3	Effective Implementation of Public Policy	QL	3	95.00%	Excellent	4	Note 4
4	Efficiency of Project Implementation/ Project Goal Achievement:	QN	3	94.97%	Excellent	4	Note 5
5	Social Contribution	QL	3	92.00%	Excellent	4	Note 6
Sub-Total			25				

Note-1. In alignment with SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), National Strategic Plan and government policy directives outlined in the National Budget, Karnafuli Gas Distribution Company Limited (KGDCL) has formulated a long-term strategic plan extending to 2041. This plan aims to expand and modernize the gas distribution network within its franchise area to meet the growing demand for natural gas in a safe, reliable, and sustainable manner. To this end, KGDCL is implementing key projects such as the construction of new pipelines, upgrading existing infrastructure, and developing office facilities—contributing to energy security, industrial growth, and improved public service delivery in line with the country's national development priorities.

Note-2: During FY 2022-23, KGDCL's sales revenue increased by 11.55%. However, due to a substantial 69.77% rise in gas purchase cost, its net profit growth dropped sharply by 83.39% compared to FY 2021-22.

Note-3: KGDCL has implemented the following initiatives to enhance its operational efficiency:

- i. Installation of prepaid meters for residential connections.
- ii. Upgrading the gas distribution network.
- iii. Implementation of a Vehicle Management System (VMS).
- iv. Deployment of a dashboard for monitoring prepaid metering activities.
- v. Development and maintenance of a cathodic protection system to prevent gas leakage.

Note-4: Karnafuli Gas Distribution Company Ltd (KGDCL) contributes to the effective implementation of public policy by ensuring a reliable supply of natural gas to a wide range of consumers in its service area. In alignment with the Gas Act 2010 and national energy policies, KGDCL procures gas from producers, installs and expands pipeline infrastructure, and works to prevent system losses through enhanced vigilance. Through its annual gas procurement planning and infrastructure expansion, KGDCL supports the government's vision of energy security and sustainable economic development, contributing directly to SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure).

Note-5: During FY 2022-23, KGDCL achieved 90.73% of its financial target and 99.21% of its physical target in project implementation. A comprehensive performance score was assigned based on this combined achievement.

Note-6: KGDCL has undertaken the following social and environmental initiatives:

- i. Obtaining annual environmental clearance certificates from the Department of Environment for all gas connections, excluding household customers, to ensure compliance with environmental regulations.
- ii. Submitting monthly environmental reports to the Environment and Safety Division of Petrobangla.
- iii. Trained 7 (seven) students of Chattogram University.
- iv. Offering educational scholarships and financial assistance to various social organizations and underprivileged individuals.

- v. Maintaining employee benefits, including WPPF, Provident Fund, Welfare Fund, and Gratuity Fund facilities.
- vi. Under its CSR program, distributed Tk. 1.515 million as financial assistance to employees suffering from critical illnesses.

Indices: B. Operational Efficiency

Table 2(a): Standard of Indices B

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Service Delivery							
	Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Labor Productivity							
	Added Value per Employee (million Tk.)	QN	4	Tk15.00 million or more	Tk. 12.00 to 14.99 million	Tk9.00 to 11.99 million	Tk.6.00 to 8.99 million	Below Tk. 6.00 million
3	Capital Productivity							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.16 or more	Tk. 0.13to 0.15	Tk. 0.10 to 0.12	Tk. 0.07to 0.09	Below Tk. 0.07
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 1.00 or more	Tk. 0.80 to 0.99	Tk. 0.60 to 0.79	Tk. 0.40 to 0.059	Below Tk. 0.40
4	Production							
	4a. Inventory Turnover (Times)	QN	4	50.00 or more	45.00 to 49.99	40.00 to 44.99	35.00 to 39.99	Below 35.00
	4b. Asset Turnover (Times)	QN	4	1.20 or more	1.00 to 1.19	0.80 to 0.99	0.60 to 0.79	Below 0.60
Sub-total			25					

Table 2(b): Achievement of Indices B

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Service Delivery						
	Service Benefit & Accessibility	QL	5	91%	Excellent	4	AFS Note-7
2	Labor Productivity						
	Added Value per Employee (million Tk.)	QN	4	Tk.10.91 million	Good	2	AFS
3	Capital Productivity						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.11	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk.0.70	Good	2	AFS
4	Production						
	4a. Inventory Turnover (Times)	QN	4	89.49	Excellent	4	AFS
	4b. Asset Turnover (Times)	QN	4	1.24	Excellent	4	AFS
Sub-total			25				

Note-7: KGDCL has implemented the following measures to enhance service delivery for its stakeholders:

- i. Maintaining an online billing system with a Customer Dashboard and Customer Portal.
- ii. Operating a dedicated hotline (16512) for customer support.
- iii. Utilizing a dashboard to monitor prepaid metering activities.
- iv. Implemented a Grievance Redress System (GRS) and resolved 35 out of 38 complaints in FY 2022-23.
- v. Developed and executing a service commitment action plan.

Indices: C. Financial

Table 3(a): Standard of Indices C

FY 2022-23

		* Standard						
Serial No.	Indicators & Sub-indicators	Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
	i. Financial Performance							
1	Operating profit	QN	2	Tk. 4,500 million or more	Tk.4,000 to Tk4,499 million	Tk3,500 to Tk.3,999 million	Tk3,000 to Tk.3,499 million	Below Tk.3,000 million
2	Profit before Tax	QN	2	Tk.5,500 million or more	Tk.5,000 to Tk. 5,499 million	Tk.4,500 to Tk. 4,999 million	Tk. 4,000 to Tk.4,499 million	Below Tk. 4,000 million
3	Return on Assets (%)	QN	2	15.00 % or more	12.00 % to 14.99 %	9.00 % to 11.99%	6.00% to 8.99%	Below 6.00%
4	Return on Service Revenue (%)	QN	2	14.00% or more	10.00%to 13.99%	6.00% to 9.99%	2.00% to 5.99%	Below2 2.00%
5	Return on Equity (%)	QN	2	20.00% or more	15.00% to 19.99%	10.00 % to 14.99%	5.00 % to9.99%	Below 5.00%
6	Net Worth Growth (%)	QN	2	16.00 or more	14.00% to 15.99%	12.00% to 13.99%	10.00% to 11.99%	Below 10.00%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	2	1.50or less	1.51 to 2.00	2.01 to 2.50	2.51 to 3.00	More than 3.00
2	Debt to Assets (Times)	QN	2	0.60 or less	0.61 to 1.00	1.10 to 1.40	1.41 to 1.80	More than 1.80
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5.	Accounts Receivable Period (Days)	QN	2	60 days or less	61 to 80 days	81 to 100 days	101 to 120 days	More than 120 days
6.	Accounts Payable Period (Days)	QN	2	60 days or less	61 to 80 days	81 to 100 days	101 to 120 days	More than 120 days
	iii. Transactions with Govt.							
1	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Debt Service Liabilities Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 3 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating profit	QN	2	Tk. 3,040,67 million	Fair	1	AFS
2	Profit before Tax	QN	2	Tk. 3,740.98 million	Under Performing	0	AFS
3	Return on Assets (%)	QN	2	4.51%	Under Performing	0	AFS
4	Return on Sales (%)	QN	2	3.63%	Fair	1	AFS
5	Return on Equity (%)	QN	2	9.25%	Fair	1	AFS
6	Net Worth Growth (%)	QN	2	(13.32%)	Under Performing	0	AFS
7	Capital Budget Utilization (%)	QN	2	33.47%	Under Performing	0	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	1.05	Excellent	4	AFS
2	Debt to Assets (Times)	QN	2	0.51	Excellent	4	AFS
3	Debt Coverage Ratio (Times)	QN	2	Negative	Under Performing	0	AFS
4	Current Ratio (Times)	QN	2	2.29	Excellent	4	AFS
5	Accounts Receivable Period (Days)	QN	2	360.25	Under Performing	0	AFS
6	Accounts Payable Period (Days)	QN	2	365.00	Under Performing	0	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	262.42%	Excellent	4	SL-31,32 of Annexure -1
2	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	SL-33,34 of Annexure -1
Sub-total			30				

Indices: D. Corporate Governance Practices

Table 4(a): Standard of Indices D

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/regulations • Appointment of Board Secretary 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Board Practices: <ul style="list-style-type: none"> • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	Control Environment and Process: <ul style="list-style-type: none"> • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	Performance against the key Indicators of APA¹: <ul style="list-style-type: none"> • Total Performance score achieved on APA 	QN	4	100%	90%	80%	70%	60%

¹Standard of APA Indicator is set on the basis of Annual Performance Agreement (APA) Guideline.

Table 4(b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	4	85%	Very Good	3	Note 8
2	Board Practices	QL	4	91%	Excellent	4	Note 9
3	Transparency and Disclosure	QL	4	81%	Very Good	3	Note 10
4	Control Environment and Process.	QL	4	79%	Good	2	Note 11
5	Performance against the key Indicators of APA	QN	4	97.70%	Very Good	3	Score of APA for FY 2022-23
Sub-total			20				
Grand Total (A+B+C+D):			100				

* Standard for Financial and Non-Financial indicators are set on the basis of IPE process.

Note-8. KGDCL operates under its own Memorandum and Articles of Association, adhering to a comprehensive framework of corporate governance. This includes the Code of Conduct, Employee Service Rules and Regulations, Board-approved key policies, the ethics outlined in the National Integrity Strategy, the Citizen Charter, and the Bangladesh Energy Regulatory Commission (Amendment) Act, 2023. Additionally, KGDCL appoints a corporate secretary to support Board activities.

Note-9: The Board of Directors consists of 11 (eleven) members, including the ex-officio Managing Director, 8 (eight) directors, and 2 (two) independent directors, all nominated by the government. The Board operates under its Terms of Reference (TOR) and has established three committees to support its functions. During FY 2022-23, the Board convened 15 (fifteen) meetings, resulting in the implementation of 125 (one hundred twenty five) decisions. The entity does not currently have an Audit Committee.

Note-10: The entity's website provides comprehensive information, including the names and biographies of the Board of Directors and senior managers, audited financial statements, the Citizen Charter, APA, relevant acts, rules, regulations, and the Code of Conduct.

Note-11: KGDCL has undertaken the following measures to control environment and process:

- Established an Audit Department and a Vigilance Department to ensure an efficient internal control system, both reporting directly to the Managing Director.
- Implemented a module-based software system for KGDCL's marketing, engineering services, and finance divisions to streamline operations and deliver integrated service management.
- Introduced an e-filing system, developed the company website, and created a GIS-based digital map.
- Installed fire extinguishers at office buildings and other KGDCL premises.
- Set up CCTV cameras at the company's head office, coupled with 24/7 security monitoring.

5. IPE Process

- i. Performances of non-financial indicators of Karnaphuli Gas Distribution Company Ltd (KGDCL) has been evaluated using information and documents of the inception report provided by KGDCL.
- ii. Actual performance of non-financial indicators is determined through the collective decision of ERT members.
- iii. According to IPEG, actual financial performances of KGDCL are to be evaluated on the basis of national best practices/standard. However due to non-availability of such standard and comparable entities in the country, KGDCL's financial performance was assessed based on its performance over the last five years on respective financial indicators.
- iv. Performances of all financial indicators are evaluated based on audited financial statements.
- v. Measurement tools used for financial indicators are suggested by IPEG.
- vi. Grades and scores are assigned according to the IPEG.

6. Performance Evaluation Results

Karnaphuli Gas Distribution Company Ltd (KGDCL)

Fiscal Year: 2022-23

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
a	b	c	d	e	f
A	Business Strategy and Social Responsibility:	25			
1	Entity Strategy: • Entity Strategic Plan		4	4	0.16
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	2	0.08
	2c. Other Growth		4	4	0.16
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	4	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		3	4	0.12
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	4	0.12
	Sub Total		25		0.76
B	Operational Efficiency:	25			
1	Service Delivery: • Service benefits and Accessibility		5	4	0.20
2	Labor Productivity: Added Value Per Employee		4	2	0.08
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	2	0.08
	3b. Added Value Per TK Value of PPE		4	2	0.08
4	Production:				
	4a. Inventory Turnover		4	4	0.16
	4b. Asset Turnover		4	4	0.16
	Sub Total		25		0.76

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	Financial:	30			
	i. Financial Performance:				
1	Operating profit		2	1	0.02
2	Profit before tax		2	0	0.00
3	Return on assets		2	0	0.00
4	Return on Service Revenue		2	1	0.02
5	Return on equity		2	1	0.02
6	Net worth growth		2	0	.0.00
7	Capital budget utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		2	4	0.08
2	Debt to assets		2	4	0.08
3	Debt coverage ratio		2	0	0.00
4	Current ratio		2	4	0.08
5	Accounts receivable period		2	0	0.00
6	Accounts payable period		2	0	0.00
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Debt Service Liabilities Paid		2	4	0.08
	Sub Total		30		00.46

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	Corporate Governance Practices:	20			
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary 		4	3	0.12
2	Board Practices: <ul style="list-style-type: none"> • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented 		4	4	0.16
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 		4	3	0.12
4	Control Environment and Process: <ul style="list-style-type: none"> • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises 		4	2	0.08
5	Performance against the key Indicators of APA: <ul style="list-style-type: none"> • Total Performance score achieved on APA 		4	3	0.12
	Sub Total				0.60
	Grand Total (A+B+C+D)	100	100		2.58

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Karnaphuli Gas Distribution Company Ltd Scored 2.58 out of 4.00 in the year 2022-23.

7. (A) The performance of KGDCL is graded “Excellent” in the following areas:

- Entity Strategic Plan
- Social Contribution
- Board Practices
- Other Growth
- Efficiency of project Implementation
- Current Ratio
- Service Delivery
- Assets Turnover
- Debt to Assets
- Debt Equity Ratio
- Inventory Turnover
- Effective Implementation of Public Policy

The performance of KGDCL is graded “Very Good” in the following areas:

- Annual Performance Agreement (APA)
- Corporate Governance
- Transparency and Disclosure

The performance of KGDCL is graded “Good” in the following areas:

- Capital Productivity
- Labour Productivity
- Service Revenue Growth
- Control Environment and Process

The performance of KGDCL is graded “Fair” in the following areas:

- Return on Equity
- Return on Service Revenue

The performance of KGDCL is graded “Under Performing” in the following areas:

- Return on Assets
- Debt Coverage Ratio
- Accounts Receivable Period
- Capital Budget Utilization
- Net Worth Growth
- Accounts Payable Period
- Net Income Growth

7. (B) Other important aspects of Performance during FY 2022-23:

- KGDCL has earned operating profit of Tk.3,040.67 million.
- The entity earned net profit (after tax) of Tk1,975.91. million.
- KGDCL Current Ratio (Times) 2.29 which indicates entity is in a well position to meet its current liabilities in due period.
- KGDCL Paid Taxes Tk4,293.73 million and DSL Tk. 62.64 million.

8. Findings from Audit Report 2022-2023

In Karnaphuli Gas Distribution Company Ltd. (KGDCL) Audit Report 2022-23, the auditors provided the qualified opinion on the following accounts and issues:

- i. Gas suppliers of KGDCL did not confirm their outstanding balances. As liabilities for gas purchases are material and significant. So, there are chances of mismatches between book balances of KGDCL and gas suppliers & other entities.
- ii. The company did not maintain advance received accounts against their pre-paid metered customers which violates IFRS-15 for recognition of sales and advance against sales.
- iii. KGDCL should perform the impairment test at the end of each accounting period and sufficient disclosure is needed in audit report as per IAS-36. However, disclosures or clarification are not found for impairment test in the report.
- iv. KGDCL did not comply IAS-16 regulation for valuation of its fixed assets but as per IAS-16 fixed assets should be revaluated at fair price within 3 or 5 years.
- v. The entity did not follow IAS: 2 Inventories valuation Principles for its scrap; non-moving and slow-moving items. But closing inventory will be valued at lower of cost or net realizable value.
- vi. In audit report 2022-23 the company did not provide the trade receivable aging analysis of TK 15,380.96 million that is material and significant.
- vii. Employee benefits accounts such as Gratuity fund, employee's contributory provident fund, WPPF and kollyan Tahabil were not provided to the auditors for their review and comments. The company has never been deposited 10% of WPPF to the welfare fund Account which is the violation WPPF regulations.
- viii. KGDCL did not follow the IFRS-16 for lease rental in their financial statement. The company needs to comply IFRS-16 for fair presentation of AFS.
- ix. The entity violated the IAS-16 Property, Plant and Equipment for fixed assets valuation at fair value against their cost value. As such unrealized capital gain/loss were not accounted for in profit or loss and other comprehensive income statement.

9. Recommendation for Performance Based Incentives

Karnaphuli Gas Distribution Company Ltd has obtained a weighted score of 2.58 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of KGDCL. Also, a certificate from Finance Division may be awarded to KGDCL for being graded "Good" in IPE for the FY 2022-23.

10. Recommendation for Improvement:

- a) KGDCL is undertaking several projects, including the Faujdarhat to Baroyarhat Pipeline Construction, Installation of Prepaid Smart Gas Meters, and Diversion of Distribution Lines, to expand its gas transmission and distribution areas. All these projects should be completed within the stipulated timelines.
- b) The Faujdarhat-Sitakundu-Mirsarai Gas Distribution Network Upgradation Project should be finalized by December 2024 as planned to enhance operational efficiency.
- c) KGDCL should implement Enterprise Resource Planning (ERP) software to streamline and optimize its operational activities.
- d) The company should work towards reducing system losses to remain within an acceptable range.
- e) Financial statements should be prepared in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to ensure better financial discipline, transparency, and accurate reporting.
- f) The entity should address and resolve the auditor's qualified opinion in accordance with IAS/IFRS guidelines to ensure fair presentation of its financial statements.
- g) The entity should include an aging analysis of accounts receivable and payable in its financial statements to enhance disclosure and transparency.

11. Conclusion

Based on Audited Financial Statements, data and documents of Karnaphuli Gas Distribution Company Ltd, Performance Evaluation (IPE) report has been prepared for FY 2022-23. In the report it is found that KGDCL's financial performance during FY 2021-22 is not satisfactory and non-financial performance has improved compared to last fiscal year. Hence, to improve the overall performance of KGDCL the entity should expand the gas distribution network & its upgradation and resolve the financial anomalies mentioned in KGDCL Audit Report 2022-23.

Karnaphuli Gas Distribution Company Ltd
Financial & Other Information

Annexure-1

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2022-23	2021-22
1	Current Assets:		
	i. Inventories		
	• Material	608,267,584	672,344,293
	• Accessories/ Supplies		
	• Others (including spare parts)		
	ii. Receivable:		
	• Trade	15,380,955,694	9,062,201,032
	• Others	4,572,899,546	4,586,950,203
	iii. Cash and Cash Equivalent including FDR	12,222,468,628	23,865,205,270
	iv. Others Current Assets	2,101,549,161	75,735,746
2	Total Current Assets (i+ii+iii+iv)	34,886,140,613	38,262,436,544
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	6,646,730,306	9,035,477,406
	• Capital Work in Progress	1,695,786,348	364,124,903
	• Other Non Current Assets	555,060,276	480,571,590
4	Total Assets (2+3)	43,783,717,543	48,142,610,443
5	Current Liabilities:		
	i. Payables:		
	• Trade	12,533,086,761	6,034,056,361
	• Others		
	ii. Other Current Liabilities	2,681,321,351	11,485,304,610
6	Total Current Liabilities (i+ii)	15,214,408,112	17,519,360,971
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	848,047,167	902,646,790
	ii. Deferred Liabilities	476,308,150	347,426,410
	iii. Other Non-Current Liabilities	5,893,759,141	4,741,187,330
8	Total Non-Current Liabilities (i+ii+iii)	7,218,114,458	5,991,260,530
9	Total Liabilities (6+8)	22,432,522,570	23,510,621,500
10	Equity:		
	i. Share Capital	6,577,243,200	6,577,243,200
	ii. Depreciation Fund	2,574,814,060	2,518,646,838
	iii. Grants		
	iv. Funds & Other Reserves		
	v. Revaluation Reserve		
	vi. Retained Earnings/(Loss)	12,199,137,713	15,536,098,904
11	Total Equity (i+ii+iii+iv+v)	21,351,194,973	24,631,988,942
12	Total Equity and Liabilities (9+11)	43,783,717,543	48,142,610,443

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2022-23		2021-22	
		Amount	Percentage	Amount	Percentage
13	. Net Sales Revenue	54,436,360,415	100%	48,870,964,847	100%
14	Less: Cost of Services	49,854,389,529	91.58%	31,001,234,090	63.44%
15	Gross Profit/(Loss) (13-14)	4,581,970,886	8.42%	17,869,730,757	36.56%
16	Less: Operating Expenses:				
	i. Administrative Expenses	1,541,300,126	2.83%	1,417,762,293	2.90%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	1,541,300,126	2.83%	1,417,762,293	2.90%
18	Operating Profit/(Loss) (15-17)	3,040,670,760	5.59%	16,451,968,464	33.66%
19	Add: Non-Operating Income	905,247,728		815,532,767	
20	Less: Financial Expenses	8,042,558		8,638,409	
21	Less: Contribution to WPPF	196,893,796		862,943,141	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	3,740,982,133		16,395,919,681	
23	Less: Provision for Tax				
	i. Current tax	1,636,195,013		4,390,197,658	
	ii. Deferred tax	128,881,740		125,447,194	
24	Net Profit/(Loss) After Tax (22-23)	1,975,905,381		11,880,274,830	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2022-23	2021-22
25	Credit Sales	15,579,104,345	9,218,707,956
26	Credit Purchases	12,533,086,761	6,034,056,361
27	Capital Budget Allocation	1,397,000,000	3,347,900,000
28	Actual Capital Expenditure	467,581,728	212,238,501
29	Dividend Payable	1,986,500,000	1,750,000,000
30	Dividend Paid	1,986,500,000	1,750,000,000
31	Taxes Payable	1,636,195,013	4,390,197,658
32	Taxes Paid	4,293,728,570	1,592,195,470
33	Debt Service Liabilities (DSL) Payable	62,642,181	
34	Debt Service Liabilities (DSL) Paid	62,642,181	
35	Fees, Fine and Charges Payable		
36	Fees, Fine and Charges Paid		
37	New Government Investment:		
	• Equity		
	• Debts/Loan		
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants		
	• Share Money Deposit		577,242,400
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	(10,023,066,502)	17,480,690,405
40	Added Value	4,581,970,886	17,869,730,757
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)		
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	456	383
45	Performance score achieved on APA	97.70	

35. Input use efficiency (%)		
36. Number of Employees (NOS)	456	383

Schedule - 2

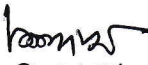
Non-financial Information format


Sl.	Particulars	
A	Enterprise Information and Legal Framework	
2	Sector	Energy & Mineral Resources Division (EMRD)
3	Name of Entity	KARNAPHULI GAS DISTRIBUTION COMPANY LIMITED (KGDCL)
4	Number of Subsidiaries	N/A
5	Number of Branches	02
6	Website	https://kgdcl.portal.gov.bd/
7	Email Address	md@kgdcl.gov.bd
8	Year of Incorporation	08/02/2010 (Registration No: CH 7509/10)
9	Governing Law	Company Act 1994
10	Other relevant Governing Laws & Regulations	The Income Tax Ordinance 1984, The Income Tax Rules 1984, The Value Added Tax Act 1991, The Value Added Tax Rules 1991, Bangladesh Energy Regulatory Commission (Amendment) Act, 2023, Bangladesh Labour Law 2006
11	Incorporation Structure	Public Limited Company
12	Listed in the Stock Exchange	N/A
B	Ownership and Shareholder Protection	
14	Administrative Ministry	Ministry of Power & Energy & Mineral Resources Division
15	Structure of Organization	Public Limited Company
C	Strategy and Governance Information	
17	Board of Directors (Number disaggregated by gender and profile)	Total Member: 11 (10 Male & 1 Female)
18	Qualification of Board Members	1. Md. Norul Alam, Secretary, EMRD, Dhaka. 2. MD. A. Khaleque Mullick, Additional Secretary (Administration) , EMRD, Dhaka. 3. Mohammad Elius Hossain, Joint Secretary (Admin), EMRD, Dhaka. 4. Md. Eidtajul Islam, First Secretatry (Joint Secretary) (Custom & VAT Administration), NBR, Dhaka.

		<p>5. Md. Altaf Hossain, Director (Administration), Petrobangla, Dhaka.</p> <p>6. Tahmina Yeasmin, Joint Secretary (Development), EMRD, Dhaka.</p> <p>7. Dr. Kazi Anowarul Hoque, Retired Additional Secretary, Dhaka.</p> <p>8. Md. Firoz Hasan, PS to Secretary, Finance Secretary's Office, Finance Division, Dhaka.</p> <p>9. Md. Kamruzzaman Khan, Director (Operation & Mines), Petrobangla, Dhaka.</p> <p>10. Md. Moniruzzaman, Lake Circus, Kalabagan, Dhaka.</p> <p>11. Engr.Md Abu Saqlayen, Managing Director, KGDCL, Chattogram.</p>
19	Number of Independent Director	2
20	Chairman to be Independent of Board	YES
21	Board Committees	03
22	Number of Board Meetings held	15
23	Board Sitting Fees	BDT 12,000.00
24	Executive Management	Managing Director, Executive Directors
25	Selection process of Board Members	Order by the Ministry of Power & Energy & Mineral Resources Division
26	Strategic Plan/Public Policy Goal (copy required)	
27	Innovative work (Description)	
28	Project Completion Rate: Actual Achievement /Target	100%
D	Ownership Structure	
30	Govt. Shareholding	100.00%
31	Private Shareholding	0.00%
32	Others	0.00%
E	Fiscal and Financial Discipline	
34	Who are the Primary Lenders to the Enterprise	Govt.
F	Controls, Transparency and Disclosure	
36	Latest Audited Financial Statement	30 June 2023
37	Audited by	Shafiq Basak & Co. Chartered Accounts

38	Risk Assessment Report	
39	Internal Control	Internal Audit Control
40	Timely public disclosure of financial statements	Yes
41	Measures for safe working Environment/Process (Description)	
G	Human Resources	
43	Number of employees	456
44	Number of New Job Creation (Regular, Internship, etc.)	
H	Employee and Social Welfare	
46	CSR, WPPF, Provident Fund, Gratuity Fund etc.	Contribution of Provided Fund (CPF), Gratuity Fund and Welfare Fund

Note: Above mentioned non-financial information to be provided for IPE.


 ১৩/৪/২৪
 অনোরঞ্জন দাস
 ব্যবস্থাপক (সাধারণ হিসাব শাখা)
 হিসাব ডিপার্টমেন্ট
 কর্ণফুলী গ্যাস ডিস্ট্রিবিউশন কোং লিঃ
 বোলশহর, চট্টগ্রাম।


 ১৩/৪/২৪
 মোঃ শাহ আলম মোল্লা
 উপ-মহাব্যবস্থাপক (হিসাব)
 হিসাব ডিপার্টমেন্ট
 কেজিডিসিএল, বোলশহর, চট্টগ্রাম।