

Independent Performance Evaluation (IPE) Report
on
Power Grid Bangladesh PLC (PGBPLC)
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.

Power Grid Bangladesh PLC(PGBPLC) 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, PGBPLC has obtained a weighted average score of 2.62 out of 4.00 and graded 'Good' in FY 2022-23.

1. Introduction

The Power Grid Bangladesh PLC (PGBPLC) was established in 1996 under the Companies Act of 1994. As part of the Power Sector Reform Program, PGBPLC became a subsidiary of the Bangladesh Power Development Board (BPDB). The company was listed on the Dhaka Stock Exchange and Chittagong Stock Exchange in October 2006, initiating the offloading of its shares in the same month. PGBPLC's prime objective is to ensure the reliable transmission of electricity across the country. As of June 30, 2023, the shareholding structure of PGBPLC is as follows: BPDB holds 75%, institutional investors 15.90%, foreign investors 9.04%, and the public 0.06%. The company has a paid-up capital of Tk. 7,127.27 million. The Power Division under the Ministry of Power, Energy & Mineral Resources oversees PGBPLC's operations. Below are the company's key operational activities:

Key Operational Activities

SL No	Particulars	Unit	FY 2020-21	FY 2021-22	FY 2022-23
1.	Transmission Line	CKT.km	12,836	13,889	14,717
2.	Grid Sub-Stations	Nos.	194	209	214
3.	Net Power Transmission	Million KWH	73,484	78,100	81,394
4.	Sub-Station Capacity	MVA	43,573	47,675	61,525
5.	Transmission Loss	%	2.89	3.05%	3.07%

Source: PGBPLC Annual Report 2021-22 and 2022-23

PGBPLC's operational performance showed consistent year-on-year growth across most indicators. Transmission lines grew by 8.20% in FY 2021-22 and 5.97% in FY 2022-23, while grid substations increased by 7.73% and 2.39%, respectively. Net power transmission rose by 6.28% in FY 2021-22 and 4.22% in FY 2022-23. Substation capacity saw notable increases of 9.42% in FY 2021-22 and an impressive 29.06% in FY 2022-23. However, transmission loss experienced a slight rise, increasing by 0.16 percentage points in FY 2021-22 and 0.02 percentage points in FY 2022-23.

2. Role and Functions

The Power Grid Bangladesh PLC(PGBPLC) undertakes the following key functions:

- i. Operating, promoting, developing, and maintaining an integrated and efficient power transmission network across Bangladesh.
- ii. Strengthening institutional capacity.
- iii. Implementing economic load dispatch.
- iv. Monitoring communication systems.
- v. Collecting wheeling charges and OPGW bills.
- vi. Organizing basic training programs.

3. Core Business

- i. Maintaining, modernizing, and rehabilitating transmission lines and substations.
- ii. Reducing transmission losses.
- iii. Planning and establishing new substations for short, medium, and long-term needs.

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	4.00% or more	3.50 % to 3.99%	3.00% to 3.49%	2.50% to 2.99%	Below 2.50%
	2b. Service Revenue 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%
	2c. Other Growth	QL	3	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	4	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						
	Entity Strategic Plan	QL	4	91.00%	Excellent	4	Note 1
2	Growth Trajectory						
	2a.Net Income Growth	QN	4	(83.79) %	Under Performing	0	AFS Note-7
	2b Service Revenue Growth	QN	4	4.57%	Fair	1	AFS
	2c. Other Growth	QL	3	92.00%	Excellent	4	Note 2
3	Effective Implementation of Public Policy	QL	3	91.00%	Excellent	4	Note 3
4	Efficiency of Project Implementation/ Project Goal Achievement	QN	4	95%	Excellent	4	Note 4
5	Social Contribution	QL	3	85.00%	Very Good	3	Note 5
Sub-Total			25				

Note-1. Power Grid Bangladesh PLC (PGBPLC) is implementing a strategic roadmap to enhance and expand the national electricity transmission network, addressing the growing energy demand across the country. In FY 2022–23, the company managed 17 ongoing projects - successfully completing 2 and initiated 7 new development plans aimed at reinforcing grid reliability and capacity. These initiatives are directly aligned with the Power Sector Master Plan (PSMP) 2016, the National Strategic Plan, and key policy directives outlined in the National Budget. Furthermore, PGBPLC's efforts contribute significantly to achieving SDG 7 (Affordable and Clean Energy) by promoting efficient power transmission, and SDG 9 (Industry, Innovation, and Infrastructure) through the development of resilient infrastructure. These projects are also aligned with National Strategic Plan, government policy directives outlined in the National Budget.

Note-2: PGBPLC has initiated the following measures to upgrade its electricity transmission system:

- i. Digitization of operational information management for National Grid Substations.
- ii. Implementation of a digital web-based generation scheduling system to enhance stability and metric order dispatch.

Note-3: The Power Grid Bangladesh PLC(PGBPLC) plays a vital role in implementing national energy policy by ensuring a reliable, efficient, and integrated power transmission network across the country. Through its mandate to operate, maintain, and expand the high-voltage transmission infrastructure, PGBPLC directly supports the government's goal of universal access to electricity and the development of a sustainable power sector.

Note-4: PGBPLC achieved 100% of its financial targets and 90.77% of its physical targets for FY 2022-23. The performance score is assigned based on the level of target achievement during the fiscal year.

Note-5: PGBPLC has undertaken the following social and environmental activities:

- i. Adherence to the "Construction Environmental and Social Management Plan" in all projects to minimize pollution.
- ii. Obtaining annual environmental clearance certificates for all projects from the Department of Environment to ensure compliance.
- iii. Operation of a high school in Ishurdi, Pabna.
- iv. Maintenance of WPPF, Provident Fund, and Gratuity Fund for its employees.

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							
	1a. Service Benefit & Accessibility	QL						
2	Labor Productivity							
	. Added Value per Employee (million Tk.)	QN	5	Tk 7.00 mil or more	Tk. 6.00 to 6.99 mil	Tk.5.00 to 5.99 mil	Tk.4.00 to 4.99 mil	Below Tk. 4.00 mil
3	Capital Productivity							
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.04 or more	Tk. 0.03 to 0.049	Tk. 0.02 to 0.039	Tk. 0.01 to 0.029	Below Tk. 0.01
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.12or more	Tk. 0.10 to 0.11	Tk. 0.08to 0.09	Tk. 0.06to 0.057	Below Tk. 0.06
4	Production							
	4a. Inventory Turnover (Times)	QN	5	6.00 or more	5.00 to 5.99	4.00 to 4.99	3.00 to 3.99	Below 3.00
	4b. Asset Turnover (Times)	QN	5	0.06 or more	0.05 to 0.059	0.04 to 0.049	0.03 to 0.039	Below 0.03
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						
	1a. Service Benefit & Accessibility						Note 6
2	Labor Productivity						
	Added Value per Employee (million Tk.)	QN	5	Tk. 6.75 mil	Very Good	3	AFS
3	Capital Productivity						
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.04	Excellent	4	AFS
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.12	Excellent	4	AFS
4	Production						
	4b. Inventory Turnover (Times)	QN	5	1.99	Under Performing	0	AFS
	4c. Asset Turnover (Times)	QN	5	0.04	Good	2	AFS
Sub-total			25				

Note 6: PGBPLC transmits electricity nationwide through its transmission network. The company primarily supplies electricity to distribution entities such as BPDB, DPDC, DESCO, PBS, WZPDCL, and NESCO. As a result, PGBPLC has no direct interaction with end-users. Therefore, the Service Delivery indicator is excluded from the IPE evaluation.

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. 10,000 million or more	Tk. 8,000 to Tk. 9,999 million	Tk6,000 to Tk. 7,999 million	Tk.4,000 to Tk. 5,999 million	Below Tk. 4,000 million
2	Profit before Tax	QN	2	Tk. 3,500 million or more	Tk.3,000 to Tk. 3,499 million	Tk. 2,500 to Tk. 2,999 million	Tk. 2,000 to Tk.2,499 million	Below Tk. 2,000 million
3	Return on Assets (%)	QN	2	2.00 % or more	1.75% to 1.99 %	1.50%to1.74 %	1.00% to1.49%	Below 1.00%
4	Return on Service Revenue (%)	QN	2	14.00% or more	12.00%to 13.99%	10.00% to 11.99%	8.00% to 9.99%	Below 8.00%
5	Return on Equity (%)	QN	2	3.50% or more	3.00%to 3.49%	2.50 % to 2.99%	2.000 % to2.49%	Below 2.000%
6	Net Worth Growth (%)	QN	2	20.00 or more	18.00%to 19.99%	16.00% to17.99%	14.00% to 15.99%	Below14.00 %
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	0.70or less	0.71 to 1.00	1.01 to 1.30	1.31 to 1.60	More than 1.60
2	Debt to Assets (Times)	QN	2	0.40or less	0.41 to 0.60	0.61 to 0.80	0.81 to 1.00	More than 1.00
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
5.	Accounts Receivable Period (Days)	QN	2	120 days or less	121 days to 140 days	141 days to 160 days	161 days to 180 days	More than 180 days
	iii. Transactions with Govt.							
1	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Fees & Charges Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	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. 9,498.97 mil	Very Good	3	AFS
2	Profit before Tax	QN	2	Tk. (6,817.61) mil	Under Performing	0	AFS Note 7
3	Return on Assets (%)	QN	2	(1.15) %	Under Performing	0	AFS
4	Return on Sales (%)	QN	2	(25.68) %	Under Performing	0	AFS
5	Return on Equity (%)	QN	2	(5.51)%	Under Performing	0	AFS
6	Net Worth Growth (%)	QN	2	19.69%	Very Good	3	AFS
7	Capital Budget Utilization (%)	QN	2	98.92%	Excellent	4	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	3.81	Under Performing	0	AFS
2	Debt to Assets (Times)	QN	2	0.79	Good	2	AFS
3	Debt Coverage Ratio (Times)	QN	2	2.90	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	3.19	Excellent	4	AFS
5	Accounts Receivable Period (Days)	QN	2	173.86	Fair	1	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	86.54%	Very Good	3	SL-31,32 of Annexure -1
2	Fees & Charges Paid	QN	2	100 %	Excellent	4	SL-35,36 of Annexure -1
3	Debt Service Liabilities Paid	QN	2	148.87%	Excellent	4	SL-33,34 of Annexure -1
Sub-total			30				

Note-7: PGBPLC recorded an operating profit of Tk. 9,498.97 million during FY 2022-23. However, the company incurred a loss before tax of Tk. 6,817.61 million due to a substantial 86.23% increase in financial expenses compared to FY 2021-22. Additionally, the foreign exchange rate fluctuation loss surged significantly by 137.90% during the fiscal year.

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	91%	Excellent	4	Note 8
2	Board Practices	QL	4	92%	Excellent	4	Note 9
3	Transparency and Disclosure	QL	4	75%	Good	2	Note 10
4	Control Environment and Process.	QL	4	82%	Very Good	3	Note 11
5	Performance against the key Indicators of APA	QN	4	95.00%	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: PGBPLC operates under its own Memorandum and Articles of Association. It adheres to a Code of Conduct, Employee Service Rules and Regulations, key board policies, the principles of the National Integrity Strategy, and its Citizen Charter to uphold corporate governance standards. The organization has a corporate secretary for its board.

Note-9: The PGBPLC Board of Directors consists of 12 (twelve) members, including the ex-officio Managing Director, eight directors, and three independent directors, all appointed by the government. The board operates under its Terms of Reference (TOR) and has established six board committees. During FY 2022-23, the board convened 25 meetings and implemented 243 decisions.

Note-10: The entity publishes a wide range of information on its website, including acts, rules, regulations, Code of Conduct, names and biographies of board directors and senior managers, audited financial statements, the citizen charter, and the Annual Performance Agreement (APA).

Note-11: PGBPLC has implemented several measures to ensure environmental and process control:

- i. Internal Audit Department: Established to strengthen internal controls across departments and reports directly to the Managing Director.
- ii. Evaluation of Internal Controls: Assesses the adequacy and effectiveness of internal control systems to ensure the achievement of operational goals and objectives.
- iii. Safety Manual: Maintains a dedicated manual for asset safety.
- iv. ISO Certification: PGBPLC is ISO 45001:2018 certified.
- v. Occupational Health and Safety: Adheres to occupational health and safety standards as per ISO 45001:2018 certification.

5. IPE Process

- i. Performances of non-financial indicators of Power Grid Bangladesh PLC(PGBPLC) has been evaluated using information and documents of the inception report provided by PGBPLC.
- ii. Actual performance of non-financial indicators is determined through the collective decision of ERT members.
- iii. According to IPEG, actual financial performances of PGBPLC 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, PGBPLC'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

Power Grid Bangladesh PLC(PGBPLC)

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	1	0.04
	2c. Other Growth		3	4	0.12
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		4	4	0.16
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
	Sub Total		25		0.69
B	Operational Efficiency:	25			
1	Service Delivery: • Service benefits and Accessibility				
2	Labor Productivity: 2a. Added Value Per Employee		5	3	0.15
	2b. Employees cost on Value addition (%)				
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		5	4	0.20
	3b. Added Value Per TK Value of PPE		5	4	0.20
4	Production:				
	4a. Input use Efficiency				
	4b. Inventory Turnover		5	0	0.00
	4c. Asset Turnover		5	2	0.10
	4d. Capacity Utilization				
	Sub Total		25		0.65

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	3	0.06
2	Profit before tax		2	0	0.00
3	Return on assets		2	0	0.00
4	Return on Service Revenue		2	0	0.00
5	Return on equity		2	0	0.00
6	Net worth growth		2	3	.0.06
7	Capital budget utilization		2	4	0.08
	ii. Financial Risk:				
1	Debt equity ratio		2	0	0.00
2	Debt to assets		2	2	0.04
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	4	0.08
5	Accounts receivable period		2	1	0.02
6	Accounts payable period				
	iii. Transactions with Government:				
1	Taxes paid		2	3	0.06
2	Fees & charges paid		2	4	0.08
3	Debt Service Liabilities Paid		2	4	0.08
	Sub Total		30		0.64

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	4	0.16
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	2	0.08
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	3	0.12
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				0.64
	Grand Total (A+B+C+D)	100	100		2.62

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Power Grid Bangladesh PLC Scored 2.62 out of 4.00 in the year 2022-23.

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

- Entity Strategic Plan
- Board Practices
- Other Growth
- Corporate Governance
- Efficiency of project Implementation
- Current Ratio
- Capital Budget Utilization
- Capital Productivity
- Effective Implementation of Public Policy

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

- Control Environment and Process
- Annual Performance Agreement (APA)
- Social Contribution
- Labour Productivity
- Net Worth Growth
- Debt Coverage Ratio

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

- Assets Turnover
- Debt to Assets
- Transparency and Disclosure

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

- Service Revenue Growth
- Accounts Receivable Period

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

- Return on Service Revenue
- Return on Equity
- Return on Assets
- Debt Equity Ratio
- Inventory Turnover
- Net Income Growth

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

- PGBPLC has earned operating profit of Tk. 9,498.97 million.
- The entity incurred net Loss (after tax) of Tk. 6,265.74 million.
- PGBPLC Current Ratio (Times) 3.19 which indicates entity is in a well position to meet its current liabilities in due period.
- Entity's Debt Equity Ratio (Times) 3.81 indicates high leverage that poses a fiscal risk to GOB. So, to maintain the standard Debt-Equity ratio the entity should increase their equity contribution.
- PGBPLC Paid Taxes Tk.3,440.99 million and DSL Tk. 5,884.50 million to GOB.
- GOB invested Tk.17,175.08 million as equity and 72,669.42 million as loan to PGBPLC against the completion of development projects.

8. Findings and Observation from the Audit Report 2022-2023

PGBPLC Audit Report 2022-23 the auditors provided qualified opinion on the following accounts and issues:

- a) The company capitalized the foreign exchange loss of Tk. 19,278.92 million during FY 2022-23. This capitalization of foreign exchange loss is not in accordance with IAS -21. As per IAS-21 exchange differences arising on the settlement of monetary items or on translating money items should be charged to statement of profit or loss in the period in which they arise;
- b) PGBPLC did not maintain comprehensive fixed assets register with required information. Moreover, the entity has never performed impairment test of its Property, Plant and Equipment as required by IAS-36 Impairment of Assets, which is also a non-compliance with IAS-36;
- c) The company could not provide proper supporting documents against the added land of Tk. 786.38 million during FY 2022-23.
- d) During FY 2022-23 five (5) completed projects cost accounting to Tk. 45,501.51 million were included in the capital works in progress. As a result, the company did not charge depreciation. So, loss for the year is understated to that extent.
- e) Accounts and other receivable of Tk. 11,737.34 million includes disputed amount of Tk. 5,669.47 million receivable from BPDB, PBS and WZPDCL. The auditor expresses their uncertainty to recover the full amount but no provision has been recognized thereon.
- f) In PGBPLC audit report shows assigned loan from DPDC Tk. 3,599.17 million since long but DPDC's financial statement no receivable from PGBPLC was found.

9. Recommendation for Performance Based Incentives

Power Grid Bangladesh PLC has obtained a weighted score of 2.62 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of PGBPLC. Also, a certificate from Finance Division may be awarded to PGBPLC for being graded "Good" in IPE for the FY 2022-23.

10. Recommendations for Improvements:

Based on the findings of the IPE, the following recommendations are proposed to enhance PGBPLC's performance:

- i. **Timely Project Completion:** PGBPLC is undertaking significant number of projects to expand electricity transmission capacity and improve operational efficiency, ensuring reliable and high-quality electricity. All projects should be completed within the stipulated timelines.
- ii. **Manpower Training:** The organization should focus on training its workforce to enhance operational efficiency.
- iii. **Transmission System Loss Reduction:** PGBPLC should strive to reduce transmission system losses to within an acceptable range.
- iv. **Implementation of ERP Software:** The company should implement Enterprise Resource Planning (ERP) software as planned to streamline and improve operational activities.
- v. **Compliance with IAS-36:** PGBPLC should adhere to the requirements of "IAS 36 - Impairment of Assets" to ensure proper disclosure of asset valuations.
- vi. **Provision of Audit Evidence:** The entity must provide sufficient and appropriate evidence as required by auditors to support its financial statements.
- vii. **Adherence to IAS-21:** PGBPLC should comply with "IAS 21 - The Effects of Changes in Foreign Exchange Rates" to ensure the fair presentation of the Annual Financial Statements (AFS).
- viii. **Compliance with IAS/IFRS Standards:** The organization should fully comply with all applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) for a fair and transparent presentation of its financial statements.

11. Conclusion

Based on Audited Financial Statements, data and documents of Power Grid Company of Bangladesh PLC, Independent Performance Evaluation (IPE) report has been prepared for FY 2022-23. In the report it is found that PGBPLC's financial performance during FY 2022-23 is declined from last year and non-financial performance has improved compare to last fiscal year. Hence, to improve the overall performance of PGBPLC, the entity should execute all undertaken plans to up- grade & automation their power transmission system and resolve the financial anomalies mentioned in PGBPLC Audit Report 2022-23.

Power Grid Bangladesh PLC(PGBPLC)
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		
	• Accessories/ Supplies	6,110,607,597	4,232,859,279
	• Others (including spare parts)		
	ii. Receivable:		
	• Trade	11,623,442,913	9,222,386,457
	• Others	113,900,270	104,247,076
	iii. Cash and Cash Equivalent	11,159,608,865	5,312,467,313
	iv. Investment in FDR & others	42,739,852,320	41,606,997,376
2	Total Current Assets (i+ii+iii+iv)	71,747,411,965	60,478,957,501
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	194,001,396,559	153,398,177,694
	• Capital Work in Progress	281,161,657,550	217,688,943,469
	• Other Non Current Assets		
4	Total Assets (2+3)	546,910,466,074	431,566,078,664
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	2,095,278,014	2,122,046,925
	ii. Other Current Liabilities	20,389,532,492	17,126,613,163
6	Total Current Liabilities (i+ii)	22,484,810,506	19,248,660,088
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	401,674,254,869	306,030,356,224
	ii. Deferred Liabilities	9,092,265,989	11,323,182,725
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	410,766,520,858	317,353,538,949
9	Total Liabilities (6+8)	433,251,331,364	336,602,199,037
10	Equity:		
	i. Share Capital	7,127,269,910	7,127,269,910
	ii. Deposit for Shares	105,486,709,990	80,432,660,225
	iii. Grants		
	iv. Funds & Other Reserves		
	v. Revaluation Reserve		
	vi. Retained Earnings/(Loss)	1,045,154,810	7,403,949,492
11	Total Equity (i+ii+iii+iv+v)	113,659,134,710	94,963,879,627
12	Total Equity and Liabilities (9+11)	546,910,466,074	431,566,078,664

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	24,401,484,736	100%	23,335,996,382	100%
14	Less: Cost of Services	14,125,666,440	57.89%	12,345,838,948	52.91%
15	Gross Profit/(Loss) (13-14)	10,275,818,296	42.11%	10,990,157,434	47.09%
16	Less: Operating Expenses:				
	i. Administrative Expenses	776,848,906	3.18%	738,704,041	3.17%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	776,848,906	3.18%	738,704,041	3.17%
18	Operating Profit/(Loss) (15-17)	9,498,969,390	38.93%	10,251,453,393	43.92%
19	Add: Non-Operating Income	1,963,298,540		967,821,244	
20	Less: Financial Expenses	18,279,880,119		9,815,895,154	
21	Less Contribution to WPPF			67,625,780	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	(6,817,612,189)		1,335,753,703	
23	Less: Provision for Tax				
	i. Current tax	1,150,321,918		837,804,390	
	ii. Deferred tax	(1,702,195,044)		(714,439,840)	
24	Net Profit/(Loss) After Tax (22-23)	(6,265,739,063)		1,212,389,153	

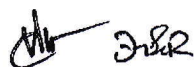
Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2022-23	2021-22
25	Credit Sales	24,401,484,736	23,335,996,382
26	Credit Purchases		
27	Capital Budget Allocation	100,070,352,469	91,916,536,248
28	Actual Capital Expenditure	98,993,306,965	75,564,874,891
29	Dividend Payable		
30	Dividend Paid		
31	Taxes Payable	3,976,005,467	10,446,770,107
32	Taxes Paid	3,440,989,613	1,832,286,302
33	Debt Service Liabilities (DSL) Payable	3,952,735,944	2,895,048,239
34	Debt Service Liabilities (DSL) Paid	5,884,500,975	4,079,093,492
35	Fees, Fine and Charges Payable	119,274	48,379
36	Fees, Fine and Charges Paid	119,274	48,379
37	New Government Investment:		
	• Equity	17,175,077,051	8,627,115,734
	• Debts/Loan	72,669,432,141	51,865,050,116
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	24,071,504	78,461,169
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	11,482,014,524	8,214,493,486
40	Added Value	22,540,848,054	21,205,782,977
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)	3,293	3,387
45	Performance score achieved on APA	95%	

Schedule - 2
Non-financial Information format

Sl.	Particulars	
A	Enterprise Information and Legal Framework	
2	Sector	Power and Energy
3	Name of Entity	Power Grid Company of Bangladesh Limited (PGCB).
4	Number of Subsidiaries	N/A
5	Number of Branches	N/A
6	Website	www.pgcb.gov.bd
7	Email Address	info@pgcb.gov.bd
8	Year of Incorporation	21 November 1996
9	Governing Law	Company Act-1994
10	Other relevant Governing Laws & Regulations	1. The Securities and Exchange Ordinance, 1969 2. The Securities and Exchange Rules, 2020 3. Dhaka and Chittagong Stock Exchange Listing Regulation 2015. 4. Corporate Governance Code-2018. 5. The Income Tax Act, 2023 6. The Income Tax Rules, 2023 7. The Value Added Tax and Supplementary Duty Act, 2012 8. The Value Added Tax and Supplementary Duty Rules, 2016 9. The Customs Act, 1969 10. The Labor Act, 2006 (Amendment 2018)
11	Incorporation Structure	Public Limited Company
12	Listed in the Stock Exchange	Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC.
B	Ownership and Shareholder Protection	
14	Administrative Ministry	Power Division, Ministry of Power, Energy and Mineral Resources.
15	Structure of Organization	Electricity Transmission Company.
C	Strategy and Governance Information	
17	Board of Directors (Number disaggregated by gender and profile)	Total of 12 (Twelve) directors of which 08 (Eight) are nominated directors, 03 (Three) are independent directors and 01 (One) ex-officio (Managing Director). All the directors are male by gender. (Annexure-1: Annual Report 2022-23)
18	Qualification of Board Members	As mentioned in Articles of Association (AoA) in case of nominated directors and

		as mentioned in Corporate Governance Code-2018 in case of independent directors. (Annexure-2: Articles of Association of PGCB and Corporate Governance Code-2018)
19	Number of Independent Director	03 (Three).
20	Chairman to be Independent of Board	Yes.
21	Board Committees	1. Audit Committee 2. Nomination and Remuneration (NRC) Committee 3. Procurement Board Committee (PBC) 4. Administrative Affairs Committee 5. Legal Affairs Committee 6. OPGW related Committee
22	Number of Board Meetings held	25 (Twenty five) in the FY 2022-23
23	Board Sitting Fees	Gross Sitting Fee per Meeting is BDT. 14,676 (Fourteen Thousand Six Hundred Seventy Six) and net of BDT. 12,000 (Twelve Thousand) after deducting 10% AIT, 10% VAT and Revenue stamp.
24	Executive Management	Managing Director along with 04 (Four) Executive Directors (Human Resource; Finance; Planning and Development & Operation and Maintenance).
25	Selection process of Board Members	Nominated Directors are nominated by sponsor Bangladesh Power Development Board (BPDB) and Independent Directors are appointed by the board after getting prior consent from BSEC following recommendation of NRC Committee which is approved by the Shareholders in AGM.
26	Strategic Plan/Public Policy Goal (copy required)	Please see # 1(i) under Section A
27	Innovative work (Description)	Please see # 2 (Innovative growth & Other growth) under Section A
28	Project Completion Rate: Actual Achievement /Target	Please see the annexure - 3
D	Ownership Structure	
30	Govt. Shareholding	
31	Private Shareholding	25% (General Public, Institution, Foreign).
32	Others	75% (sponsor-Bangladesh Power Development Board (BPDB)).

E	Fiscal and Financial Discipline	
34	Who are the Primary Lenders to the Enterprise	World Bank, Asian Development Bank, JICA, KfW, AIIB, Exim Bank India, Exim Bank China, Government of Bangladesh.
F	Controls, Transparency and Disclosure	
36	Latest Audited Financial Statement	Financial Year 2022-2023 (Year Ended 30/06/2023).
37	Audited by	1. Hoda Vasi Chowdhury and Company Chartered Accountants. 2. M.J. Abedin and Company Chartered Accountants.
38	Risk Assessment Report	Mentioned in the Annual Report 2022-23 (Annexure-1: Annual Report 2022-23)
39	Internal Control	Power Grid Company of Bangladesh Limited has strong Internal Control. It has Independent Internal Audit Department and different types of external audit are executed here.
40	Timely public disclosure of financial statements	Power Grid Company of Bangladesh Limited disclosures of financial statements through website, annual report and quarterly report.
41	Measures for safe working Environment/Process (Description)	1) PGCB is ISO 45001: 2018 Certified. 2) PGCB ensures working environment by different committee/manual. 3) PGCB maintains Occupational Health and Safety as per ISO 45001: 2018 Certification. (For details please see Annexure 16)
G	Human Resources	
43	Number of employees	3,293 as on 30/06/2023
44	Number of New Job Creation (Regular, Internship, etc.)	250 (new employees based on the regular posts in FY: 2022-2023)
H	Employee and Social Welfare	
46	CSR, WPPF, Provident Fund, Gratuity Fund etc.	PGCB has WPPF, Provident Fund, and Gratuity Fund. It operates a high school for public in Ishurdi, Pabna.






22