Independent Performance Evaluation (IPE) Report

on

LP Gas Limited

For 2023-24

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Annexure

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 20 (twenty) SOEs/ABs in total 30 (thirty) SOEs/ABs to conduct Independent Performance Evaluation for the FY 2023-24.

LP Gas Ltd (LPG) is among the 30 (thirty) selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for Independent Performance Evaluation (IPE) for FY 2023-24. According to the evaluation results, LPGL achieved a weighted average score of 2.76 out of 4.00, earning a “Good” grade.

1. Introduction

LP Gas started its operation Since 1977-78 as a project of BPC. Later on the Project was registered as a Private Limited Company on March 03,1983 as a subsidiary of BPC. Subsequently LP Gas Ltd Converted into Public Limited in 1988 under the Companies Act. 1913 (amended in 1994). Then after LPG Kailashtilla Plant in Sylhet and LPG Plant in Chattogram are merged as Per decision of BPC board meeting with effect from 01.07.2003. LP Gas Ltd is the only government owned LPG bottling and supply Company in the Country.
LPGL received LP Gas from Eastern Refinery Ltd and Sylhet Gas Field Ltd and distribute the gas after bottling to the marketing companies of BPC and Armed Forces as per directives of BPC.LPGL has a key role in energy transition and diversification. LP Gas is considered as clean energy. 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 LP Gas Ltd include the following:

Table 1: Key Operational Activities

Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1. Purchase of LP Gas - From Chattogram Plant - From Kailashtilla Plant	M. Ton	 11,939 423	 14,246 752	 12,303 245
2. Sale of LP Gas	M. Ton	12,502	15,215	12,724

Source: LP Gas Ltd.

Over the last three fiscal years, LP Gas Limited's operational performance shows notable fluctuations in both procurement and sales volumes. Total purchase of LP Gas increased from 12,361.421 metric tons in FY 2021–22 (11,938.594 from the CTG Plant and 422.827 from the KTL Plant) to 14,997.411 metric tons in FY 2022–23 (14,245.815 from CTG and 751.596 from KTL), representing a significant growth of about 21.3 percent. However, in FY 2023–24, total purchases declined sharply to 12,547.342 metric tons (12,302.68 from CTG and 244.662 from KTL), a decrease of about 16.3 percent compared to the previous year. Sales followed a similar pattern, rising from 12,501.164 metric tons in FY 2021–22 to 15,215.049 metric tons in FY 2022–23, an increase of approximately 21.7 percent, before falling to 12,723.526 metric tons in FY 2023–24, reflecting a decline of around 16.4 percent. The parallel movement of purchases and sales suggests that fluctuations were mainly demand- or supply-driven rather than due to inventory buildup. Overall, the data indicate that LP Gas Limited experienced a significant expansion in FY 2022–23 followed by a contraction in FY 2023–24, ending the period at a level slightly above FY 2021–22 in both purchases and sales.

2. Roles and Functions:

i. Replacing unsaleable Cylinders by importing new cylinders
ii. Maintenance of LPG stock
iii. Provide training facilities for the employees.

3. Core Business

i. Purchase of LPG from both domestic and foreign sources
ii. LPG bottling, distribution and marketing
iii. Maintenance of LPG stock

4. Evaluation Parameters

Criteria: Business and Governance
Indices: A. Business Strategy and Social Responsibility

FY 2023-24

Table 2 (a): Standard of Indices A

		* 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**
1	**Entity Strategy**							
	Entity Strategic Plan	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
	2b. Sales Growth	QN	4	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
	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	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Social Contribution** • Environmental Contribution • CSR	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (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	5	91.00%	Excellent	4	Note 1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	4	(13.74%)	Under Performing	0	AFS
	2b. Sales Growth	QN	4	(13.85%)	Under Performing	0	AFS
	2c. Other Growth	QL	4	81.00%	Very Good	3	Note 2
3	**Effective Implementation of Public Policy**	QL	4	84.00%	Very Good	3	Note 3
4	**Social Contribution**	QL	4	90.00%	Very Good	3	Note 4
Sub-Total			25				

Note-1: In align with Integrated Energy and Power Master Plan (IEPMP) 2023 LP Gas Limited has several targets that include the construction of an LPG bottling plant with an annual capacity of 100,000 metric tons and an LPG cylinder manufacturing plant with a yearly production capacity of 700,000 pcs. cylinders. In addition, the company plans to install a modern automated carousel filling system to replace the existing LPG filling process. These initiatives are aligned with SDG 7 (Affordable and Clean Energy) by ensuring safe, reliable, and efficient access to cleaner cooking fuel; SDG 9 (Industry, Innovation and Infrastructure) through investment in modern industrial infrastructure and automation; and SDG 12 (Responsible Consumption and Production) by improving operational efficiency, safety, and resource utilization.

Note-2: LP Gas Limited has implemented the following measures to enhance its operational activities during FY 2023-24:

i. During FY 2023-24 a total of 6,000 Pcs old cylinders were in the Pipeline for repair. Out of that 1,500 pcs old cylinders were repaired.
ii. The entity Purchased and distributed 30,000 Pcs new cylinders in FY 2023-24 that impact the entity's market share expansion program.

Note-3: LP Gas Limited has effectively implemented public policy objectives related to ensuring the availability and safe distribution of LPG as a cleaner fuel. LP Gas Limited has maintained supply continuity and compliance with public policy objectives on energy security and access to clean cooking fuel.

Note-4: BPC has engaged in the following social and environmental initiatives:

i. LPG is a clean fuel that contributes to the reduction of greenhouse gas (GHG) emissions.
ii. Through bottling and distribution of LPG, LP Gas Limited contributes to reducing environmental pollution by promoting the use of cleaner energy among consumers.
iii. Under its CSR program, LP Gas Limited spent Tk. 119,000 on social welfare activities, including support to mosques, orphanages, and sick and physically challenged individuals.
iv. The entity conducted various training programs to enhance employee skills and strengthen institutional capacity.
v. LP Gas Limited provides employee welfare benefits, including Workers' Profit Participation Fund (WPPF) facilities.

Indices: B. Operational Efficiency

Table 3 (a): Standard of Indices B FY 2023-24

		* 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**
1	**Product Delivery**							
	Product Benefit & Accessibility	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	3	Tk. 1.50 mil or more	Tk. 1.30 to 1.49 mil	Tk. 1.20 to 1.29 mil	Tk.1.00 to 1.19 mil	Below Tk. 1.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.10 or more	Tk. 0.08 to 0.09	Tk. 0.06 to 0.07	Tk. 0.04to 0.05	Below Tk. 0.04
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk. 15.00 or more	Tk. 13.00 to 14.99	Tk. 11.00 to 12.99	Tk. 9.00 to 10.99	Below Tk. 9.00
4	**Production**							
	4a. Input Use Efficiency (%)	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
	4b. Inventory Turnover (Times)	QN	3	35.00 or more	30.00 to 34.99	25.00 to 29.99	20.00 to 24.99	Below 20.00%
	4c. Asset Turnover (Times)	QN	3	0.35 or more	0.30 to 0.34	0.25 to 0.29	0.20 to 0.24	Below 0.20
	4d. Capacity Utilization (%)	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
		Sub-total	25					

Table 3 (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	**Product Delivery**						
	Product Benefit & Accessibility	QL	3	85.00%	Very Good	3	Note-5
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	3	Tk. 1.16 mil	Fair	1	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.06	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk. 0.11	Good	2	AFS
4	**Production**						
	4a. Input Use Efficiency (%)	QN	3	100 %	Excellent	4	Annexure 1, SL 43
	4b. Inventory Turnover (Times)	QN	3	30.57	Very Good	3	AFS
	4c. Asset Turnover (Times)	QN	3	0.22	Fair	1	AFS
	4d. Capacity Utilization (%)	QN	4	91.98%	Excellent	4	Annexure 1, SL 42
	Sub-total		25				

Note-5: LPGL has implemented the following facilities for stakeholders:

i. The entity ensures product safety through regular maintenance and re-testing of LPG cylinders.
ii. The entity arranges replacement of defective valves and accessories of LPG cylinders.
iii. LPGL's service coverage remains inadequate to meet the overall national demand.

Indices: C. Financial

Table 4 (a): Standards of Indices C FY 2023-24

		* 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. 25.00 mil or more	Tk. 20.00 to Tk. 24.99 mil	Tk. 15.00 to Tk. 19.99 mil	Tk. 10.00 to Tk. 14.99 mil	Below Tk. 10.00 mil
2	Profit before Tax	QN	2	Tk. 60.00 mil or more	Tk. 55.00 to Tk. 59.99 mil	Tk. 50.00 to Tk. 54.99 mil	Tk. 45.00 to Tk. 49.99 mil	Below Tk. 45.00 mil
3	Return on Assets (%)	QN	2	3.00% or more	2.50% to 2.99%	2.00% to 2.49%	1.50% to 1.99%	Below 1.50%
4	Return on Sales (%)	QN	2	12.00% or more	10.00% to 11.99%	8.00% to9.99%	6.00% to 7.99%	Below 6.00%
5	Return on Equity (%)	QN	2	4.00% or more	3.50% to 3.99%	3.00% to 3.49%	2.50% to 2.99%	Below 2.50%
6	Net Worth Growth (%)	QN	2	7.00% or more	6.00% to 6.99%	5.00% to 5.99%	4.00% to 4.99%	Below 4.00%
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	1.50 or 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	1.1 to 1.4	1.41 to 1.8	More than 1.8
3	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
4.	Accounts Receivable Period (Days)	QN	2	60 days or less	61 days to 80 days	81 days to 100 days	101 days to 120 days	More than 120 days
5.	Accounts Payable Period (Days)	QN	2	60 days or less	61 days to 80 days	81 days to 100 days	101 days 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	Fees, Fine & Charges Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 4 (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. 26.89 mil	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 95.22 mil	Excellent	4	AFS
3	Return on Assets (%)	QN	2	2.64%	Very Good	3	AFS
4	Return on Sales (%)	QN	2	11.88%	Very Good	3	AFS
5	Return on Equity (%)	QN	2	3.08%	Good	2	AFS
6	Net Worth Growth (%)	QN	2	38.60%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	0.63%	Under Performing	0	Annexure 1 SL 27 & 28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	0.17	Excellent	4	AFS
2	Debt to Assets (Times)	QN	2	0.14	Excellent	4	AFS
3	Current Ratio (Times)	QN	2	1.57	Good	2	AFS
4	Accounts Receivable Period (Days)	QN	2	44.94	Excellent	4	AFS
5	Accounts Payable Period (Days)	QN	2	78.77	Very Good	3	AFS
	iii. Transactions with Government						
1	Taxes Paid	QN	2	100%	Excellent	4	Annexure 1 SL 31 & 32
2	Fees, Fine & Charges Paid	QN	2	100%	Excellent	4	Annexure 1
3	Dividend Paid	QN	2	100%	Excellent	4	Annexure 1 SL 29 & 30
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5 (a): Standard of Indices D FY 2023-24

		* 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**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/regulations • Appointment of Board Secretary	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Board Practices:** • 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	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Transparency and Disclosure:** • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Control Environment and Process:** • 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	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 5 (b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	91%	Excellent	4	Note-6
2	Board Practices	QL	5	75%	Good	2	Note -7
3	Transparency and Disclosure	QL	5	88%	Very Good	3	Note -8
4	Control Environment and Process	QL	5	81%	Very Good	3	Note -9
		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-6: The entity operates under its own Memorandum and Articles of Association and adheres to the Bangladesh Petroleum Act of 2016, along with relevant rules, regulations, policies, employee service rules, key policies of board, Bangladesh Gas Cylinder Rules 1991, code of conduct and ethics to uphold corporate governance. LPGL also employs a corporate secretary for its board.

Note-7: The entity's Board of Directors comprises 9 (nine) members, Managing Director as ex-officio member of board, all members are nominated by the government. During the fiscal year 2023-24, 8 (eight) board meetings were held, resulting in the implementation of 23(twenty-three) board decisions. It is noteworthy that LPGL does not have any board committees, and LPGL board does not include independent directors to the board.

Note-8: The entity publishes a wide range of information on its website, including Memorandum and Articles of Association, rules, names and biographies of board directors and senior managers, audited financial statements, code of conduct and the citizen charter.

Note-9: LPGL has implemented the following measures to enhance environmental and process control:

i. LPGL formed a 3 (three) members internal audit committee to implement an internal control system among various departments that report directly to the Managing Director.
ii. Uses Proprietary software and Carousel for their operational process.
iii. LPGL board is empowered to address and manage emergency situations effectively.
iv. Ensures adherence to all safety measures for a secure working environment on its premises, following government directives.

5. IPE Process

i. Performances of non-financial indicators of LP Gas Ltd (LPGL) has been evaluated using information and documents of the inception report provided by LPGL.

ii. Actual performance score of non-financial indicators is determined through the collective decision of ERT members.

iii. Non-financial Indicators' Score will be based on specific documentary evidence.

iv. According to IPEG, actual financial performances of LPGL are to be evaluated on the basis of national best practices/standard. However, due to the non-availability of such standard and comparable entities in the country, LPGL's financial performance was assessed based on its performance over the last five years on respective financial indicators.

v. Performances of all financial indicators are evaluated based on audited financial statements.

vi. Measurement tools used for financial indicators are suggested by IPEG.

vii. Grades and scores are assigned according to the IPEG.

6. Performance Evaluation Results

Bangladesh Petroleum Corporation (BPC)

Fiscal Year: 2023-24

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		5	4	0.20
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.0
	2b. Sales Growth		4	0	0.00
	2c. Other Growth		4	3	0.12
3	Effective Implementation of Public Policy • Implement activities to achieve policy goal		4	3	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"				
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
	Sub Total		**25**		**0.56**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
B	**Operational Efficiency:**	25			
1	Product Delivery: • Product benefits and Accessibility		3	3	0.09
2	Labor Productivity: 2a. Added Value Per Employee		3	1	0.03
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	2	0.06
	3b. Added Value Per TK Value of PPE		3	2	0.06
4	Production:				
	4a. Input Use Efficiency (%)		3	4	0.12
	4b. Inventory Turnover (Times)		3	3	0.09
	4c. Asset Turnover (Times)		3	1	0.03
	4d. Capacity Utilization (%)		4	4	0.16
	Sub Total		**25**		**0.64**

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	4	0.08
2	Profit before tax		2	4	0.08
3	Return on assets		2	3	0.06
4	Return on Sales		2	3	0.06
5	Return on equity		2	2	0.04
6	Net worth growth		2	4	0.08
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	0.06
3	Current ratio		2	2	0.04
4	Accounts Receivable Period (Days)		2	4	0.08
5	Accounts Payable Period (Days)		2	3	0.06
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Fine, Fees and Charges Paid		2	4	0.08
3	Dividend Paid		2	4	0.08
	Sub Total		**30**		**0.96**

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: • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary		5	4	0.20
2	Board Practices: • 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		5	2	0.10
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	3	0.15
4	Control Environment and Process: • 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		5	3	0.15
	Sub Total		**20**		**0.60**
	Grand Total (A+B+C+D)	**100**	**100**		**2.76**

7. Interpretation of Results

As per Independent Performance Evaluation LP Gas Limited Scored 2.76 out of 4.00 in the year 2023-24.

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

- Entity Strategic Plan
- Input Use Efficiency
- Capacity Utilization
- Net Worth Growth
- Debt Equity Ratio
- Debt to Assets
- Corporate Governance
- Accounts Receivable Period

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

- Product Delivery
- Control Environment and Process
- Other Growth
- Return on Assets
- Return on Sales
- Accounts Payable Period
- Social Contribution
- Transparency and Disclosure
- Effective Implementation of Public Policy
- Inventory Turnover

The performance of LPGL is graded “Good” in the following area:

- Capital Productivity
- Board Practices
- Return on Equity
- Current Ratio

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

- Labour Productivity
- Assets Turnover

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

- Sales Growth
- Net Income Growth
- Capital Budget Utilization

7. (B) Other important aspects of Performance during FY 2023-24:

i. LPGL recorded an operating profit of Tk. 26.89 million.
ii. The entity earned net profit (after tax) of Tk. 63.97 million.
iii. LPGL's current ratio stood at 1.57, reflecting a moderate position to meet current liabilities within the due period.
iv. Tk. 24.83 million was paid as taxes.
v. Tk. 21.26 million was paid as dividends.
vi. Tk. 3.03 million was paid as fees, fines and charges.

8. Findings from the Audited Financial Statement 2023-24

In the LP Gas Limited Audit Report 2023-24 the following anomalies are found:

- The company should perform the impairment test at the end of each accounting period for its assets. As per IAS-36 Impairment of Assets test is needed in audit report to show the major indications of impairments adjustment used to revalue the recoverable amount. However, disclosers and clarifications are not found in the LP Gas Limited Audit Report 2023-24 for such impairment test.

9. Recommendation for Performance Based Incentives

LP Gas Ltd has obtained a weighted score 2.76 out of a scale 4.00 and is graded “Good”. Therefore, IPEC recommended a non-financial incentive for the employees of LPGL. Also, a certificate from Finance Division may be awarded to LPGL for being graded “Good” in IPE for the FY 2023-24 for such impairment test.

10. Recommendations for Improvements:

To improve the performance of PGCL the following recommendations are made based on the findings of IPE:

i. LP Gas Ltd should take strategic measures to expand its existing market share of LP Gas to enhance household fuel security for the greater public benefit of the country.
ii. The entity should implement a time-bound action plan to complete its LPG bottling plant with an annual capacity of one lakh metric tons within the approved schedule.
iii. The company should take initiatives to install modern, automated carousel filling machines within the stipulated timeframe to increase overall production capacity.
iv. LP Gas Ltd should formulate a systematic plan to procure the required number of cylinders periodically to ensure uninterrupted nationwide supply of LP Gas.
v. Board committees, including the Audit Committee and the Nomination & Remuneration Committee (NRC), should be constituted to strengthen internal control, governance, and compliance.

vi. The entity should maintain an updated asset register with costs or fair values and introduce modern accounting software to ensure accurate and transparent financial reporting.
vii. LPGL should take initiatives to appoint an Independent Director to its Board to enhance transparency, objectivity, and accountability in the decision-making process.
viii. Financial statements should be prepared in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to improve financial discipline, transparency, and the quality of financial reporting.
ix. The entity should maintain an up-to-date asset register with costs or fair values for accurate and transparent financial reporting.
x. The entity may consider appointing women directors to its Board in alignment with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024), UN Sustainable Development Goal (SDG) 5 on Gender Equality, and World Bank/IFC corporate governance recommendations to promote gender diversity.
xi. To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

11. Conclusion

Based on the Audited Financial Statements (AFS), relevant data, and supporting documents of LPGL, the Independent Performance Evaluation (IPE) report for FY 2023–24 has been prepared. The evaluation indicates that LPGL’s overall financial and non-financial performance remains at a moderate level. To enhance operational efficiency and profitability, the entity should complete its LPG bottling plant and LPG cylinder manufacturing plant within the stipulated timelines. In addition, LPGL should take necessary measures to resolve and settle the financial issues highlighted in the Audited Financial Statement for FY 2023–24.

Annexure 1

LP Gas Limited

Financial & Other Information

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		Amount in BDT
	i. Inventories		
	• Gas in Tank	4,055,798	5,038,340
	• Spare Parts & Supplies	10,216,478	10,347,705
	ii. Receivable:		
	• Trade	71,138,190	66,731,303
	• Others	9,121,742	11,157,030
	iii. Cash and Cash Equivalent	128,025,902	135,223,253
	iv. Others Current Assets	186,964,485	107,802,382
2	Total Current Assets (i+ii+iii+iv)	409,522,595	336,300,013
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	1,352,344,951	805,748,685
	• Investment of Depreciation Fund	660,000,000	671,000,000
	• Other non-current assets		
4	Total Assets (2+3)	2,421,867,546	1,813,048,698
5	Current Liabilities:		
	i. Payables:		
	• Trade	80,232,448	82,196,563
	• Others	15,117,105	20,056,671
	ii. Other Current Liabilities	165,341,120	134,758,492
6	Total Current Liabilities (i+ii)	260,690,673	237,011,726
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts		
	ii. Deferred Liabilities	9,421,684	2,994,566
	iii. Other Non-Current Liabilities	73,835,062	73,835,062
8	Total Non-Current Liabilities (i+ii+iii)	83,256,746	76,829,628
9	Total Liabilities (6+8)	343,947,419	313,841,354
10	Equity:		
	i. Share Capital	100,000,000	100,000,000
	ii. Depreciation Reserve	462,283,875	425,992,796
	iii. Reserve	188,000,000	183,000,000
	iv. Revaluation Reserve	1,296,376,480	745,382,955
	v. Retained Earnings/(Loss)	31,259,772	44,831,593
11	Total Equity (i+ii+iii+iv+v)	2,077,920,127	1,499,207,344
12	Total Equity and Liabilities (9+11)	2,421,867,546	1,813,048,698

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2023-24		2022-23	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue/Receipts	538,565,757	100%	625,169,519	100%
14	Less: Cost of Sales/Services	453,351,324	84.18%	512,643,722	82.00%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	85,214,433	15.82%	112,525,797	18.00%
16	Less: Operating Expenses:				
	i. Administrative Expenses	58,326,876	10.83%	64,369,829	10.30%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	58,326,876	10.83%	64,369,829	10.30%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	26,887,557	4.99%	48,155,968	7.70%
19	Add: Non-Operating Income	73,343,250		59,239,054	
20	Less: Financial Expenses			2,449	
21	Less: Contribution to WPPF	5,011,540		5,113,932	
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19 – 20 – 21)	95,219,267		102,278,641	
23	Less: Provision for Tax				
	i. Current tax	24,825,246		27,902,371	
	ii. Deferred tax	6,427,118		224,256	
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	63,966,903		74,152,014	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales	577,732,585	670,679,854
26	Credit Purchases	371,772,913	429,390,874
27	Capital Budget Allocation	252,000,000	175,500,000
28	Actual Capital Expenditure	1,582,000	25,600,000
29	Dividend Payable	21,259,772	39,831,593
30	Dividend Paid	21,259,772	39,831,593
31	Taxes Payable	24,825,246	27,902,371
32	Taxes Paid	24,825,246	27,902,371
33	Debt Service Liabilities (DSL) Payable		
34	Debt Service Liabilities (DSL) Paid		
35	Fees, Fine and Charges Payable	3,026,557	
36	Fees, Fine and Charges Paid	3,026,557	
37	New Government Investment:		
	• Equity		
	• Debts/Loan		
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants		
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	14,827,976	149,705,516
40	Added Value	144,586,404	178,467,001
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	91.98%	110%
43	Input use Efficiency (%)	100%	100%
44	Number of Employees (Nos)	122	127
45	Performance score achieved on APA		