Independent Performance Evaluation (IPE) Report

on

Biman Bangladesh Airlines Limited

For 2023-24

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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.

Biman Bangladesh Airlines Ltd is included in the list of 30 (thirty) selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2023-24. As per the result of IPE, Biman Bangladesh Airlines Ltd. has obtained a weighted average score of 2.45 out of 4.00 and graded 'Good' in FY 2023-24.

1. Introduction

Bangladesh Biman was established under the President's Orders No. 31 and No.126 of 1972 and commenced operations by taking over the assets and liabilities of the former Pakistan International Airlines within the territory of Bangladesh. The legal framework was later repealed by the Bangladesh Biman Corporation Ordinance, 1977, under which it was renamed Bangladesh Biman Corporation. Subsequently, through an ordinance dated July 11, 2007, the Corporation was restructured into a 100 percent state-owned Public Limited Company. In accordance with a Bangladesh Gazette notification dated August 02, 2007, Biman Bangladesh Airlines Ltd. took over all business activities, assets, and liabilities of the Bangladesh Biman Corporation. The primary objective of Biman Bangladesh Airlines Ltd. is to provide and develop safe, efficient, adequate, economical, and well-coordinated air transport services for both domestic and international routes. As the national flag carrier and the largest airline of Bangladesh, its activities are overseen by the Ministry of Civil Aviation and Tourism.

During FY 2022–23, Biman Bangladesh Airlines Ltd. operated a fleet of 21 aircraft, comprising 4 Boeing 777-300ER, 4 Boeing 787-8, 2 Boeing 787-9, 6 Boeing 737, and 5 Dash 8-Q400 NG aircraft. These modern, new-generation aircraft served 23 international destinations and 7 domestic stations. The airline provides passenger and cargo services, fostering trade and promoting tourism with a significant contribution to the national economy. In addition, Biman Bangladesh Airlines Ltd. operates two separate units: the Biman Poultry Complex (BPC) and the Biman Flight Catering Center (BFCC).

Table 1: Key operational Activities

Sl#	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Total Number of Aircraft	Nos.	21	21	21
2.	Nos of Passengers carried	Nos.	2,276,737	3,193,401	3,363,685
3.	Cargo carried	M. Ton	43,867	26,904	43,044
4.	Total Flying Hours	Hours	42,703	59,909	64,803
5.	Passenger Cabin Factor	%	68	75	77
6.	Cargo Load Factor	%	57	56	61

Source: Biman Bangladesh Airlines

Over the last three fiscal years, Biman Bangladesh Airlines Limited maintained a fleet of 21 aircraft without any expansion from FY 2021–22 to FY 2023–24. Despite the unchanged fleet size, passenger traffic increased significantly from 2,276,737 in FY 2021–22 to 3,193,401 in FY 2022–23, registering a growth of about 40.3 percent, and further rose to 3,363,685 in FY 2023–24, reflecting an additional increase of approximately 5.3 percent over the previous year and 47.8 percent over the two-year period. Cargo transportation, however, declined sharply from 43,867 metric tons in FY 2021–22 to 26,904 metric tons in FY 2022–23, representing a decrease of about 38.7 percent, before recovering to 43,044 metric tons in FY 2023–24, which was nearly 60.0 percent higher than the previous year and close to the FY 2021–22 level. Operational performance also improved notably, as total flying hours increased from 42,703 hours in FY 2021–22 to 59,909 hours in FY 2022–23 and further to 64,803 hours in FY 2023–24, indicating enhanced aircraft utilization. Passenger cabin factor improved steadily from 68 percent to 75 percent and then to 77 percent, demonstrating better seat occupancy and demand management. Similarly, cargo load factor slightly declined from 57 percent to 56 percent in FY 2022–23 before improving to 61 percent in FY 2023–24, indicating a recovery in cargo handling efficiency. Overall, the data reveal that Biman achieved substantial growth in passenger traffic and operational efficiency despite maintaining a fixed fleet size, while cargo operations experienced fluctuations but showed strong recovery in the latest fiscal year.

2. Roles and Functions:

i. Providing food to airlines and other organizations as a food supplier.
ii. Operating poultry and other farms for commercial purposes.
iii. Institutional capacity to provide appropriate training to relevant personnel in the aviation ancillary services sector.
iv. Providing aircraft engines, avionics, communications equipment, vehicles parts and other equipment assembly, production, reusability, testing and repair.

3. Core Business:

i. Providing safe, efficient, adequate, affordable and integrated air transport services to domestic and international destinations.
ii. Acquisition, use and repair of aircraft and other vehicles through purchase and leasing.
iii. Providing ground support services to any aviation or air transport company.

4. Evaluation Parameters

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

Table 2 (a): Standard of Indices A 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	**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	30.00% or more	25.00 % to 29.99%	20.00% to 24.99%	15.00% to 19.99%	Below 15.00%
	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	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Social Contribution** •Environmental Contribution •CSR/WPPF •Training/Volunteering	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	1,152.75%	Excellent	4	AFS
	2b Service Revenue Growth	QN	4	10.49%	Good	2	AFS
	2c. Other Growth	QL	4	89.00%	Very Good	3	Note 2
3	**Effective Implementation of Public Policy**	QL	4	90.00%	Very Good	3	Note 3
4	**Social Contribution**	QL	4	89.00%	Very Good	3	Note 4
			25				

Note-1: Based on the projected growth in passenger traffic and route frequencies outlined in Biman Bangladesh Airlines Limited's Network & Fleet Plan for FY 2025–35, the airline has formulated a long-term plan to procure 32 aircraft of varying seat capacities, including wide-body, narrow-body, and turbo-prop aircraft, over the period from FY 2025–26 to FY 2034–35. This fleet expansion aims to meet Biman's diverse operational requirements while enhancing connectivity, service quality, and operational efficiency. The initiative supports SDG 9 (Industry, Innovation and Infrastructure) by strengthening aviation infrastructure and modernizing the national fleet, and SDG 8 (Decent Work and Economic Growth) through improved air connectivity that facilitates trade, tourism, and employment generation. The plan is fully aligned with the National Strategic Plan and contributes to sustainable growth of the civil aviation sector.

Note-2: Biman Bangladesh Airlines has implemented the following measures to enhance its operational activities during FY 2023-24:

i. Launched 2 (two) new international routes such a Narita (NRT), Japan and Rome (ROM), Italy.
ii. Biman works for capacity expansion and capability development to cope with new technology, such as engine, landing gear shipment, and gallery items of various aircraft.

Note-3: Biman Bangladesh Airlines Ltd., as the national flag carrier, implements government policies through operation of Hajj and VVIP flights and humanitarian services, including repatriation of Bangladeshi nationals and transportation of dead bodies from abroad. The airline provides domestic and international air transport, ground handling, catering, technical maintenance, and aviation training services, contributing to the development of the civil aviation sector. To support future passenger growth and improve connectivity and operational efficiency, Biman has undertaken a long-term plan to procure 32 aircraft during FY 2025–26 to FY 2034–35, aligned with SDG 8, SDG 9, and the National Strategic Plan.

Note-4: Biman Bangladesh Airlines has undertaken the following social and environmental activities:

i. Introducing the use of Sustainable Aviation Fuel (SAF) on its European routes to reduce carbon emissions.
ii. Distributing BDT 192.60 million to employees under the Workers' Profit Participation Fund (WPPF).
iii. Operating a modern Training Centre approved by both the Civil Aviation Authority of Bangladesh (CAAB) and the European Union Aviation Safety Agency (EASA), and conducting various training programs as required. During FY 2023–24, the airline trained 11,029 personnel through 975 courses, including 677 participants from other organizations.
iv. Arranging internship programs for students from various local and international universities, placing them in different directorates such as Engineering, Materials Management, Marketing, Sales, Finance, and HR Administration.
v. Participating in 3 to 4 aviation and tourism fairs each year to showcase its products and promotional offers.
vi. Successfully passing the CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) audit in relation to environmental protection.

Indices: B. Operational Efficiency

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

Serial No.	Indicators & Sub-indicators	Types of Measurement	Weight for Sub-indicators	* Standard 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	3	Tk 12.00 mil or more	Tk 10.00 11.99 mil	Tk 8.00 to 9.99 mil	Tk 6.00 to 7.99 mil	Below Tk. 600 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.30 or more	Tk. 0.25 to 0.29	Tk. 0.20 to 0.24	Tk. 0.15 to 0.19	Below Tk. 0.15
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk. 0.45 or more	Tk. 0.40 to 0.44	Tk. 0.35 to 0.39	Tk. 0.30 to 0.34	Below Tk. 0.30
4	**Production**							
	4a. Inventory Turnover (Times)	QN	4	16.00 or more	14.00 to 15.99	12.00 to 13.99	10.00 to 11.99	Below 10.00
	4b. Asset Turnover (Times)	QN	4	0.60 or more	0.55 to 0.59	0.50 to 0.54	0.45 to 0.49	Below 0.45
	4c. Capacity Utilization	QN	3	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 Measuremen	Weight for sub-	Actual Performance	Achievement Grade	Score	Basis of Performance Measuring
1	**Service Delivery**						
	• Service Benefit & Accessibility	QL	5	80.00%	Good	2	Note 5
2	**Labor Productivity**						
	• Added Value per Employee (million Tk.)	QN	3	Tk. 10.62 mil	Very Good	3	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.25	Very Good	3	AFS
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk.0.38	Good	2	AFS
4	**Production**						
	4a. Inventory Turnover (Times)	QN	4	14.29	Very Good	3	AFS
	4b. Asset Turnover (Times)	QN	4	0.61	Excellent	4	AFS
	4c. Capacity Utilization	QN	3	77%	Good	2	
		Sub-total	25				

Note -5: Biman Bangladesh Airlines Ltd. has introduced the following facilities for its stakeholders:

i. A user-friendly website and mobile applications that provide convenient access to flight bookings, schedules, and related services.

ii. A 24/7 call center to ensure continuous customer support and assistance.
iii. A Frequent Flyer Program that allows passengers to directly access their accounts through personal devices and redeem reward points seamlessly.
iv. Flight schedules are not always maintained properly.
v. Inflight Wi-Fi services are not consistently available.
vi. Passenger dissatisfaction exists regarding the luggage management services of Biman Bangladesh Airlines Ltd.

Indices: C. Financial

Table 4 (a): Standard 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							
1	Operating profit	QN	2	Tk. 10,000 mil or more	Tk. 9,500 to Tk. 9,999 mil	Tk. 9,000 to Tk. 9,499 mil	Tk.8,500 to Tk. 8,999 mil	Below Tk. 8,500 mil
2	Profit before Tax	QN	2	Tk. 4,000 mil or more	Tk. 3,500 to Tk. 3,999 mil	Tk. 3,000 to Tk. 3,499 mil	Tk. 2,500 to Tk.2,999 mil	Below Tk. 2,500 mil
3	Return on Assets (%)	QN	2	5.00 % or more	4.50% to 4.99 %	4.00%to4.49 %	3.50% to3.99%	Below 3.50%
4	Return on Service Revenue (%)	QN	2	6.00% or more	5.00%to 5.99%	4.00 % to 4.99%	3.00 % to 3.99%	Below 3.00%
5	Return on Equity (%)	QN	2	12.00% or more	10.00%to 11.99%	8.00 % to 9.99%	6.00 % to 7.99%	Below 6.00%
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	1.50 or less	1.51 to 1.75	1.76 to 2.00	2.01 to 2.25	More than 2.25
2	Debt to Assets (Times)	QN	2	0.60 or less	0.61 to 0.75	0.76 to 0.90	0.91 to 1.05	More than 1.05
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 Payable Period (Days)	QN	2	90 days or less	91 days to 100 days	101 days to 110 days	111 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	Dividend 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 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						
1	Operating profit	QN	2	Tk. 15,556.09 mil	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 3,852.84 mil	Very Good	3	AFS
3	Return on Assets (%)	QN	2	1.63%	Under Performing	0	AFS
4	Return on Service Revenue (%)	QN	2	2.67%	Under Performing	0	AFS
5	Return on Equity (%)	QN	2	11.67%	Very Good	3	AFS
6	Net Worth Growth (%)	QN	2	13.21%	Good	2	AFS
7	Capital Budget Utilization (%)	QN	2	41.56%	Fair	1	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	6.15	Under Performing	0	AFS
2	Debt to Assets (Times)	QN	2	0.86	Good	2	AFS
3	Debt Coverage Ratio (Times)		2	1.55	Good	2	AFS
4	Current Ratio (Times)	QN	2	0.76	Under Performing	0	AFS
5	Accounts Payable Period (Days)	QN	2	157	Under Performing	0	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	5.67%	Under Performing	0	SL-31,32 of Annexure -1
2	Dividend Paid	QN	2	0%	Under Performing	0	SL-29,30 of Annexure -1
3	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	SL-34,35 of Annexure -1
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**	**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 • Computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures 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	86%	Very Good	3	Note 6
2	Board Practices	QL	5	88%	Very Good	3	Note 7
3	Transparency and Disclosure	QL	5	75%	Good	2	Note 8
4	Control Environment and Process	QL	5	82%	Very Good	3	Note 9
	Sub-total		20				
	Grand Total (A+B+C+D):		100				

Note-6: Biman Bangladesh Airlines Limited is governed by its Memorandum and Articles of Association and adheres to various frameworks for corporate governance, including:

- Code of Conduct
- Employee Service Rules and Regulations
- Key policies set by the Board
- Ethics outlined in the National Integrity Strategy
- Citizen Charter

Additionally, Biman has a Corporate Secretary for its Board.

Note-7: Biman Bangladesh Airlines Limited board comprises 13 members that includes 4 (four) shareholders directors and remaining 9 (nine) are independent directors. All Board members are appointed by the government. The Board operates under its Terms of Reference (TOR) and established 13 (thirteen) board committees. During FY 2023-24, the Board held 20 meetings and successfully implemented 69 decisions.

Note-8: The entity's Board of Directors, Senior Managers' name and biographies, Audited Financial Statement, Citizen Charter, Act, Rules, Regulations and Code of Conduct are disclosed on Biman's website.

Note-9: Biman Bangladesh Airlines Limited has implemented several measures to control the environment and process:

i. Biman Bangladesh Airlines Limited has an Internal Audit Department that identifies irregularities, defalcations, and misappropriation of funds, reporting directly to the Managing Director /CEO.
ii. The entity utilizes various software systems such as Accounting Software Sun Infor System (QAS), Revenue Accounting, Proration Interline Billing and Decision Support System, Sales Audit and Refund Audit System, Cargo Billing and Accounting System, Interline Billing System, Flight Profitability System etc.
iii. Safety measures on the premises include CCTV, firefighting equipment, and adherence to safety protocols.
iv. The entity maintains a digital access control and attendance system.
v. According to IATA Operational Safety Audit (IOSA) criteria Biman's operate and maintain its operational management and control system for safety operation.
vi. Introduced Corporate Safety Quality (CSQ) report regarding flight operation.

5. IPE Process

i. Performances of non-financial indicators of Biman Bangladesh Airlines Limited has been evaluated using information and documents of the inception report provided by Biman.

ii. Actual performance scores of non-financial indicators are 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 Biman Bangladesh Airlines Limited 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, Biman'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

Biman Bangladesh Airlines Limited
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	4	0.16
	2b. Service Revenue Growth		4	2	0.08
	2c. Other Growth		4	3	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		4	3	0.12
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
		Sub Total	**25**		**0.80**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	2	0.10
2	Labor Productivity: 2a. Added Value Per Employee		3	3	0.09
	2b. Employees' cost on Value addition (%)				
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	3	0.09
	3b. Added Value Per TK Value of PPE		3	2	0.06
4	Production:				
	4a. Inventory Turnover		4	3	0.12
	4b. Asset Turnover		4	4	0.16
	4c. Capacity Utilization		3	2	0.06
		Sub Total	**25**		**0.68**

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	3	0.06
3	Return on assets		2	2	0.04
4	Return on Service Revenue		2	0	0.00
5	Return on equity		2	3	0.06
6	Net worth growth		2	2	0.04
7	Capital budget utilization		2	1	0.02
	ii. Financial Risk:				
1	Debt equity ratio		2	0	0.00
2	Debt to assets		2	1	0.02
3	Debt coverage ratio		2	2	0.04
4	Current ratio		2	0	0.00
5	Accounts payable period		2	0	0.00
	iii. Transactions with Government:				
1	Taxes paid		2	0	0.00
2	Dividend paid		2	4	0.00
3	Debt Service Liabilities Paid		2	4	0.08
		Sub Total	**30**		**0.42**

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 • Employee's service rules/ regulations • Appointment of Board Secretary		5	3	0.15
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	3	0.15
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	2	0.10
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				**0.55**
	Grand Total (A+B+C+D)	**100**	**100**		**2.45**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Biman Bangladesh Airlines Limited Scored 2.45 out of 4.00 in the year 2023-24.

7. (A) The performance of Biman is graded "Excellent" in the following areas:

- Entity Strategic Plan
- Assets Turnover
- Net Income Growth

The performance of Biman is graded "Very Good" in the following areas:

- Control Environment and Process
- Capital Productivity
- Board Practices
- Corporate Governance
- Other Growth
-
- Return on Equity
- Effective Implementation of Public Policy
- Inventory Turnover
- Social Contribution
- Labour Productivity

The performance of Biman is graded "Good" in the following areas:

- Service Revenue Growth
- Net Worth Growth
- Service Delivery
- Return on Assets
- Transparency and Disclosure
- Debt Coverage Ratio
- Capacity Utilization
- Annual Performance Agreement (APA)

The performance of Biman is graded "Fair" in the following areas:

- Capital Budget Utilization
- Debt to Assets

The performance of Biman is graded "Under Performing" in the following areas:

- Return on Service Revenue
- Debt Equity Ratio
- Current Ratio
- Accounts Payable Period

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

- Biman Bangladesh Airlines Limited has earned operating profit of Tk. 15,556.09 million.
- The entity earned net profit (after tax) of Tk. 2,822.18 million.
- Biman Current Ratio (Times) 0.76 which indicates entity is not in a well position to meet it current liabilities in due period.
- Biman Paid Taxes Tk. 229.14 million and DSL Tk. 10,280.32 million.

8. Findings from the Audited Financial Statements 2023-2024

8.A. In the Biman Bangladesh Airlines Limited audit report 2023-24 the auditor provided the qualified opinion of the following issues:

1. In Audit Report Biman Bangladesh Airlines Limited shows the liability payable to Padma Oil Company Limited Tk. 12,763.45 million. But Padma Oil Company additionally claims @8% interest on the outstanding amount which comes Tk. 6,586.70 million for delayed payment up to 30th June 2024 as per terms of agreement.
2. Biman has recognized tax provision Tk. 93.47 million for the assessment year 2009 to 2014 but tax assessed by DCT Tk. 2,563.36 million over the same period. So, auditor could not confirm the adequacy of Biman's tax liabilities.
3. Biman has not recognized the deferred tax assets or liabilities in their financial statement as per IAS 12 Income Tax.

8.B. Biman Bangladesh Airlines Limited Audit Report 2023-24 the auditor emphasized and drew attention to the following issues:

1. In Biman Audit Report 2023-24 the entity recognized the equity from Government Tk. 6,837.74 million on 11th January 2021 but BBAL has not been converted into paid up capital according to FRC circular. However, it has been observed that the company has not complied with this regulatory requirement.
2. The entity has not been recognized claim of Civil Aviation Authority of Bangladesh (CAAB) on account of surcharge and other charges (VAT+Tax) Tk. 38,656.10 million as liability. BBAL is requested CAAB to waive the above charges. Therefore, Biman should disclose above claim amount as contingent liability.

9. Recommendation for Performance Based Incentives

Biman Bangladesh Airlines Limited has obtained a weighted score of 2.45 out of a scale 4.00 and is graded “Good”. Therefore, IPEC recommended a non-financial incentive for the employees of Biman. Also, a certificate from Finance Division may be awarded to Biman for being graded “Good” in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To improve the performance of Biman Bangladesh Airlines the following recommendations are made based on the findings of IPE:

i. Biman Bangladesh Airlines Limited should take appropriate measures to procure 32 (thirty- two) aircraft of various seat capacities in line with its Network and Fleet Plan and Program to optimize operational efficiency and strengthen its position in the domestic and global aviation industry.
ii. Biman Bangladesh Airlines Ltd. should give priority to upgrading its international air route network system and develop international-standard services for its stakeholders.
iii. The entity should install software to increase online ticket sales, manage upgrades, and enhance passenger services to international standards.
iv. To compete in the international market, Biman Bangladesh Airlines should procure new-generation aircraft with updated technology to provide improved and satisfactory services to customers.
v. The entity should modernize its ground handling services, including safety, security, operational efficiency, and customer service, to support operations at the newly built third terminal.
vi. Biman should procure modern equipment and adopt the latest technology to ensure efficient operations in line with current demands.
vii. The entity should arrange comprehensive training programs for employees to improve operational efficiency and service quality.
viii. Biman should expand new international routes within the projected timeline to increase its passenger market share.
ix. To maintain uninterrupted flight schedules, Biman Bangladesh should procure all essential spare parts within the stipulated period.
x. Biman Bangladesh should increase its cabin occupancy rate by selecting more popular destinations, implementing smart flight schedule planning, and improving on-time performance (OTP) and flight departures.
xi. Based on present demand, the entity should enhance its cargo services to boost cargo revenue.
xii. Biman should take effective and efficient measures to reduce fuel costs, which currently account for 38% of direct operating costs.
xiii. Biman Bangladesh should conduct regular customer feedback surveys and implement action plans, which may help increase cabin factors.
xiv. The entity should resolve the 14 (fourteen) pending tax disputes with the Taxes Department to ensure fair presentation of its financial statements.
xv. 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.
xvi. 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, data, and relevant documents of Biman Bangladesh Airlines Limited, an Independent Performance Evaluation (IPE) report has been prepared for FY 2023–24. The report indicates that both the financial and non-financial performance of Biman during the fiscal year were at a moderate level. To enhance overall performance, the airline should increase its aircraft fleet and expand new international routes to strengthen passenger market share and improve profitability. Additionally, the entity should take appropriate measures to ensure compliance with applicable IAS/IFRS standards and address the financial irregularities identified in the Biman Bangladesh Airlines Limited Audit Report 2023–24.

Annexure-1

Biman Bangladesh Airlines 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:		
	i. Inventories		
	• Material	77,505,747	76,913,476
	• Spares & Stores	5,103,382,017	4,582,889,850
	ii. Receivable:		
	• Trade	7,682,072,355	8,530,238,290
	• Others		
	iii. Cash and Cash Equivalent	28,231,154,724	25,831,583,194
	iv. Investment in FDR	4,263,798,526	1,087,501,169
	v. Others Current Assets	8,184,073,195	6,828,854,408
2	Total Current Assets (i+ii+iii+iv)	53,541,986,564	46,937,980,387
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	113,575,731,909	120,557,024,909
	• Capital Work in Progress	196,587,245	164,403,945
	• Intangible Assets	5,115,447,916	5,124,235,873
	• Other Non-Current Assets	478,340,801	972,938,200
4	Total Assets (2+3)	172,908,094,436	173,756,583,314
5	Current Liabilities:		
	i. Payables:		
	• Trade	42,186,043,278	41,017,027,220
	• Others		
	ii. Other Current Liabilities	28,084,400,577	28,334,268,055
6	Total Current Liabilities (i+ii)	70,270,443,855	69,351,295,275
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	72,528,855,001	76,117,586,894
	ii. Deferred Liabilities	5,922,124,074	6,446,874,854
	iii. Lease Liabilities	4,351,170	480,685,153
	iv. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	78,455,330,245	83,045,146,901
9	Total Liabilities (6+8)	148,725,774,100	152,396,442,176
10	Equity:		
	i. Share Capital	20,824,096,400	20,824,096,400
	ii. Government Equity	6,837,741,109	6,837,741,109
	iii. Non-controlling Interests		
	iv. Retained Earnings/(Loss)	(3,479,517,173)	(6,301,696,371)
11	Total Equity (i+ii+iii+iv+v)	24,182,320,336	21,360,141,139
12	Total Equity and Liabilities (9+11)	172,908,094,436	173,756,583,314

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	105,751,827,861	100%	95,708,141,653	100%
14	Less: Cost of Services	70,324,423,786	66.50%	62,627,423,676	65.44%
15	Gross Profit/(Loss) (13-14)	35,427,404,075	33.50%	33,080,777,917	34.56%
16	Less: Operating Expenses:				
	i. Administrative Expenses	10,049,541,624	9.50%	6,838,471,510	7.15%
	ii. Marketing Expenses	9,821,777,399	9.29%	8,601,499,677	8.99%
17	Total Operating Expenses (i+ii)	19,871,319,023	18.79%	15,439,971,187	16.13%
18	Operating Profit/(Loss) (15-17)	15,556,085,053	14.71%	17,640,746,790	18.43%
19	Add: Non-Operating Income	1,594,829,829		1,473,184,649	
20	Less: Financial Expenses	5,098,873,139		4,312,562,087	
21	Less: Non-Operating Expenses	380,523,810		160,223,965	
	Less: Contribution to WPPF	192,641,959		46,779,692	
	Less: Foreign Currency Exchange Loss	7,626,036,796		13,658,771,863	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	3,852,839,177		935,593,833	
23	Less: Provision for Tax				
	i. Current tax	1,030,659,979		710,314,744	
	ii. Deferred tax				
24	Net Profit/(Loss) After Tax (22-23)	2,822,179,198		225,279,089	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases	97,825,525,576	
27	Capital Budget Allocation	2,150,814,913	
28	Actual Capital Expenditure	893,805,192	
29	Dividend Payable		
30	Dividend Paid		
31	Taxes Payable	4,042,726,202	
32	Taxes Paid	229,137,805	
33	Debt Service Liabilities (DSL) Payable	10,280,322,304	
34	Debt Service Liabilities (DSL) Paid	10,280,322,304	
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		
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	15,907,650,505	16,676,027,666
40	Added Value	42,984,175,856	40,688,741,525
41	Employee’s cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	77%	75%
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	4,121	3,977
45	Performance score achieved on APA		