Independent Performance Evaluation (IPE) Report

on

Power Grid Bangladesh PLC (PGBPLC)

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.

Power Grid Bangladesh PLC(PGBPLC) has been evaluated for 2(two) consecutive years and 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, PGBPLC has obtained a weighted average score of 2.46 out of 4.00 and graded 'Good' in FY 2023-24.

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:

Table 1: Key Operational Activities

SL No	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Transmission Line	CKT.km	13,889	14,717	15,624
2.	Grid Sub-Stations	Nos.	209	214	221
3.	Net Power Transmission	Million KWH	78,100	81,394	89,996
4.	Sub-Station Capacity	MVA	47,675	61,525	66,869
5.	Transmission Loss	%	3.05%	3.07%	3.13%

Source: PGBPLC Annual Report 2022-23 and 2023-24

The year-on-year analysis of key operational activities of Power Grid Bangladesh PLC (PGBPLC) for FY 2021–22 to FY 2023–24 indicates steady expansion of the national power transmission infrastructure and increasing electricity transmission. The total transmission line network increased from 13,889 CKT.km in FY 2021–22 to 14,717 CKT.km in FY 2022–23, and further to 15,624 CKT.km in FY 2023–24, reflecting continuous expansion of the grid network. Similarly, the number of grid substations rose from 209 in FY 2021–22 to 214 in FY 2022–23 and 221 in FY 2023–24, indicating the development of additional transmission facilities to support power distribution. The net power transmitted through the grid also increased significantly from 78,100 million kWh in FY 2021–22 to

81,394 million kWh in FY 2022–23, reaching 89,996 million kWh in FY 2023–24, which demonstrates growing electricity demand and improved transmission capacity. In addition, substation capacity expanded considerably from 47,675 MVA in FY 2021–22 to 61,525 MVA in FY 2022–23, and further to 66,869 MVA in FY 2023–24, strengthening the capability of the national grid. However, transmission loss slightly increased from 3.05% in FY 2021–22 to 3.07% in FY 2022–23 and 3.13% in FY 2023–24, indicating a minor rise in system loss despite the overall expansion of infrastructure. Overall, the data reflects continuous development of the power transmission network, which supports reliable electricity supply and economic growth in Bangladesh.

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 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	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 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	4	88.00%	Very Good	3	Note 1
2	**Growth Trajectory**						
	2a.Net Income Growth	QN	4	Negative	Under Performing	0	AFS Note-7
	2b Service Revenue Growth	QN	4	14.16%	Excellent	4	AFS
	2c. Other Growth	QL	3	93.00%	Excellent	4	Note 2
3	**Effective Implementation of Public Policy**	QL	3	92.00%	Excellent	4	Note 3
4	**Efficiency of Project Implementation/ Project Goal Achievement**	QN	4	91%	Excellent	4	Note 4
5	**Social Contribution**	QL	3	91.00%	Excellent	4	Note 5
		Sub-Total	25				

Note-1: In alignment with the Power Sector Master Plan 2016 (PSMP 2016) and the Integrated Energy and Power Master Plan 2023 (IEPMP-2023), Power Grid Bangladesh PLC (PGBPLC) has set short-, medium-, and long-term development targets to achieve 28,880 MW of transmission capacity by 2031 and 50,364 MW by 2041, aiming to ensure universal access to affordable, reliable, and modern energy services. To achieve these targets, the organization is currently implementing sixteen ongoing development projects aimed at expanding and strengthening the national power transmission network. In addition, PGBPLC plans to incorporate renewable and clean energy technologies, while expanding and upgrading transmission infrastructure to ensure the supply of modern and sustainable energy services across Bangladesh. These initiatives are aligned with SDG 7: Affordable and Clean Energy and SDG 9: Industry, Innovation and Infrastructure which emphasize sustainable energy development, infrastructure expansion, and inclusive economic growth.

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.
iii. Introduced Automated Generation scheduling system to ensure uninterrupted electricity supply, efficient system operation and improvement in power sector.
iv. Constructed 883 circuit km of new transmission line.
v. Constructed 5(five) new substation and upgraded 13(thirteen) sub-station during FY2023-24.
vi. Established GSIF (Grid Studies and Innovation Facility) laboratory to create skilled manpower to provide uninterrupted electricity supply by knowing technical know how.

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 82% of its financial targets and 100% of its physical targets for FY 2023-24. The performance score is calculated 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. Operation of a high school in Ishurdi, Pabna.
iii. Maintenance of WPPF, Provident Fund, and Gratuity Fund for its employees.
iv. To prevent environmental pollution PGB PLC obtained Environmental Clearance Certificate (ECC) for new and up-coming projects and renewal of ECC for ongoing projects from Department of Environment.
v. Power Grid company submitted Environmental and Social Safeguard reports as per Environmental Conservation Rules 2023.
vi. Under CSR program the entity donated to Bangladesh Table Tennis Federation and Bangladesh Power Management Institute.
vii. Power Grid arranged 49 (forty-nine) programs for 2,778 participants.

Indices: B. Operational Efficiency

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

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 8.00 mil or more	Tk.7.00 7.99 mill	Tk.6.00 to 6.99 mil	Tk.5.00 to 5.99 mil	Below Tk.5.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.05 or more	Tk. 0.04	Tk. 0.03	Tk. 0.02	Below Tk. 0.02
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.13or more	Tk. 0.11 to 0.12	Tk. 0.09 to 0.10	Tk. 0.7 to 0.08	Below Tk. 0.07
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 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	**Service Delivery**						
	1a. Service Benefit & Accessibility						Note 6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	5	Tk. 7.63 mil	Very Good	3	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.04	Very Good	3	AFS
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.12	Very Good	3	AFS
4	**Production**						
	4b. Inventory Turnover (Times)	QN	5	2.27	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 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 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	15.00%to 19.99%	10.00% to14.99%	5.00% to 9.99%	Below 5.00%
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	3	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Debt Service Liabilities Paid	QN	3	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. 11,425.06 mil	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. (4,952.41) mil	Under Performing	0	AFS
3	Return on Assets (%)	QN	2	(0.67) %	Under Performing	0	AFS
4	Return on Sales (%)	QN	2	(16.42) %	Under Performing	0	AFS
5	Return on Equity (%)	QN	2	(3.78)%	Under Performing	0	AFS
6	Net Worth Growth (%)	QN	2	7.53%	Fair	1	AFS
7	Capital Budget Utilization (%)	QN	2	23.54%	Under Performing	0	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	4.65	Under Performing	0	AFS
2	Debt to Assets (Times)	QN	2	0.82	Fair	1	AFS
3	Debt Coverage Ratio (Times)	QN	2	2.58	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	1.62	Good	2	AFS
5	Accounts Receivable Period (Days)	QN	2	169.99	Fair	1	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	3	63.59%	Fair	1	SL-31,32 of Annexure -1
2	Debt Service Liabilities Paid	QN	3	166.21%	Excellent	4	SL-33,34 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 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 Measuremen	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	92%	Excellent	4	Note 7
2	Board Practices	QL	5	91%	Excellent	4	Note 8
3	Transparency and Disclosure	QL	5	89%	Very Good	3	Note 9
4	Control Environment and Process.	QL	5	85%	Very Good	3	Note 10
		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-7: 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-8: The PGBPLC Board of Directors consists of 12 (twelve) members, including the ex-officio Managing Director, 8 (eight) directors, and 3 (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 2023-24, the board convened 17 (seventeen) meetings and implemented 190 (one hundred ninety) decisions.

Note-9: 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 and the citizen charter etc.

Note-10: 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.
vi. Majority offices of Power Grid are KPI announced area.

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 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 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.

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

Power Grid Bangladesh PLC(PGBPLC)
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		4	3	0.12
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	4	0.16
	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	4	0.12
		Sub Total	**25**		**0.80**
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	3	0.15
	3b. Added Value Per TK Value of PPE		5	3	0.15
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**		**0.55**

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	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	1	0.02
7	Capital budget utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		2	0	0.00
2	Debt to assets		2	1	0.02
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	2	0.04
5	Accounts receivable period		2	1	0.02
6	Accounts payable period				
	iii. Transactions with Government:				
1	Taxes paid		3	1	0.03
3	Debt Service Liabilities Paid		3	4	0.12
		Sub Total	**30**		**0.41**

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	4	0.20
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
5	Performance against the key Indicators of APA: • Total Performance score achieved on APA				
	Sub Total				**0.70**
	Grand Total (A+B+C+D)	**100**	**100**		**2.46**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Power Grid Bangladesh PLC Scored 2.46 out of 4.00 in the year 2023-24.

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

- Board Practices
- Other Growth
- Corporate Governance
- Efficiency of project Implementation
- Social Contribution
- Debt Coverage Ratio
- Service Revenue Growth
- Effective Implementation of Public Policy

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

- Capital Productivity
- Labour Productivity
- Entity Strategic Plan
- Control Environment and Process
- Transparency and Disclosure

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

- Assets Turnover
- Current Ratio
-

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

- Accounts Receivable Period
- Debt to Assets Ratio
- Net Worth Growth

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

- Return on Sales
- Return on Equity
- Return on Assets
- Debt Equity Ratio
- Inventory Turnover
- Net Income Growth
- Capital Budget Utilization

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

- PGBPLC has earned operating profit of Tk. 11,425.06 million.
- The entity incurred net Loss (after tax) of Tk. 4,574.69 million.
- PGBPLC Current Ratio (Times) 1.62 which indicates entity is in a moderate position to meet its current liabilities in due period.
- Entity's Debt Equity Ratio (Times) 4.65 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.3,249.97 million and DSL Tk. 7,566.58 million to GOB.
- GOB invested Tk.13,242.95 million as equity and 64,806.94 million as loan to PGBPLC against the completion of development projects.

8. Findings and Observation from the Audited Financial Statement 2023-2024

PGBPLC Audit Report 2023-24 the auditors provided qualified opinion on the following accounts and issues:

a) The company capitalized the foreign exchange loss of Tk. 33,580.99 million during FY 2023-24. This capitalization of foreign exchange loss in 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 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 Properly, 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 new added land of Tk. 304.06 million during FY 2023-24. As a result, auditor could not confirm the ownership.

d) During FY 2023-24 2 (two) completed projects cost accounting to Tk. 24,188.46 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. 13,196.66 million includes disputed amount of Tk. 5,894.55 million receivable from BPDB and PBS. 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.

g) Interest amounting to Tk. 1,706.16 million relating to 10 (ten) loans of closed projects has not been recognized as interest expense in the financial statements. As a result, both interest expenses and interest payable on foreign currency (FC) loans of closed projects are understated.A difference of TK87,606.87 million arises in overdue loans accounts between Finance Division and PGBPLC. But auditor did not obtain confirmation letter from Finance Division. As a result, the auditor could not reconcile and quantify the above difference.

h) The entity should maintain an up-to-date asset register with costs or fair values for accurate and transparent financial reporting.

9. Recommendation for Performance Based Incentives

Power Grid Bangladesh PLC has obtained a weighted score of 2.46 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 2023-24.

10. Recommendations for Improvements:

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

i. PGBPLC has undertaken 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. The organization should prioritize workforce training and development initiatives to improve operational efficiency and productivity.

iii. The entity should maintain an up-to-date asset register with costs or fair values for accurate and transparent financial reporting.

iv. PGBPLC should strive to reduce transmission system losses within an acceptable range.

v. The company should implement Enterprise Resource Planning (ERP) software as planned to streamline and improve operational activities.

vi. PGBPLC should adhere to the requirements of "IAS 36 - Impairment of Assets" to ensure proper disclosure of asset valuations.

vii. The entity must provide sufficient and appropriate evidence as required by auditors to support its financial statements.

viii. PGBPLC should comply with "IAS 21 - The Effects of Changes in Foreign Exchange Rates" to ensure the fair presentation of the Audited Financial Statements (AFS).

ix. 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.

x. Power Grid Bangladesh PLC should develop and implement a comprehensive business plan to ensure long-term financial sustainability and strengthen its overall financial position.

xi. The entity should maintain adequate provision for Accounts Receivable in line with the IFRS 9 Expected Credit Loss (ECL) model, considering the potential risk of non-recovery of long-outstanding receivables.

xii. 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.

xiii. 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, relevant data, and supporting documents of Power Grid Bangladesh PLC (PGBPLC), the Independent Performance Evaluation (IPE) Report for FY 2023–24 has been prepared. The report indicates that PGBPLC's financial performance during FY 2023–24 declined compared to the previous fiscal year, while its non-financial performance showed modest improvement over the same period. To enhance overall performance, PGBPLC should effectively implement its planned initiatives for the upgrading and automation of the power transmission system and adopt state-of-the-art technologies in its operational processes to improve efficiency and reliability. Furthermore, the entity should take appropriate measures to address and resolve the financial anomalies identified in the PGBPLC Audited Financial Statement 2023–24.

Annexure-1

Power Grid Bangladesh PLC(PGBPLC)

Financial & Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		
	i. Inventories		
	• Material		
	• Accessories/ Supplies	7,465,008,767	6,243,927,573
	• Others (including spare parts)		
	ii. Receivable:		
	• Trade	12,972,841,451	11,619,604,412
	• Others	223,816,837	113,900,270
	iii. Cash and Cash Equivalent	13,058,403,765	11,159,608,865
	iv. Investment in FDR & others	58,598,441,081	42,736,546,175
2	Total Current Assets (i+ii+iii+iv)	92,318,511,901	71,873,587,295
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	214,005,837,268	192,546,152,213
	• Capital Work in Progress	378,737,231,578	281,161,657,550
	•Other Non Current Assets		
4	Total Assets (2+3)	685,061,580,747	545,581,397,058
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	14,009,496,048	1,990,067,859
	ii. Other Current Liabilities	43,058,839,800	20,135,609,535
6	Total Current Liabilities (i+ii)	57,068,335,848	22,125,677,394
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	499,784,073,930	401,674,254,869
	ii. Deferred Liabilities	7,029,884,201	9,092,265,989
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	506,813,958,131	410,766,520,858
9	Total Liabilities (6+8)	563,882,293,979	432,892,198,252
10	Equity:		
	i. Share Capital	9,138,069,910	7,127,269,910
	ii. Deposit for Shares	13,242,947,643	105,486,709,990
	iii. Preference Shares	101,465,109,990	
	iv. Share Premium	2,010,800,000	
	v. Revaluation Reserve		
	vi. Retained Earnings/(Loss)	(4,677,640,775)	75,218,906
11	Total Equity (i+ii+iii+iv+v)	121,179,286,768	112,689,198,806
12	Total Equity and Liabilities (9+11)	685,061,580,747	545,581,397,058

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	27,855,660,803	100%	24,401,484,736	100%
14	Less: Cost of Services	15,556,095,934	55.85%	15,059,018,865	57.89%
15	Gross Profit/(Loss) (13-14)	12,299,564,869	44.15%	9,342,465,871	42.11%
16	Less: Operating Expenses:				
	i. Administrative Expenses	874,508,620	3.14%	780,527,414	3.18%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	874,508,620	3.14%	780,527,414	3.18%
18	Operating Profit/(Loss) (15-17)	11,425,056,249	41.02%	8,561,938,457	38.93%
19	Add: Non-Operating Income	1,809,745,709		1,963,298,540	
20	Less: Financial Expenses	18,187,211,720		18,279,880,119	
21	Less Contribution to WPPF				
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	(4,952,409,762)		(7,754,643,122)	
23	Less: Provision for Tax				
	i. Current tax	1,135,129,151		1,150,321,918	
	ii. Deferred tax	(1,512,852,755)		(1,702,195,044)	
24	Net Profit/(Loss) After Tax (22-23)	(4,574,686,158)		(7,202,769,996)	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales	27,855,660,803	24,401,484,736
26	Credit Purchases		
27	Capital Budget Allocation	336,551,000	100,070,352,469
28	Actual Capital Expenditure	79,208,139	98,993,306,965
29	Dividend Payable		
30	Dividend Paid		
31	Taxes Payable	5,111,134,619	3,976,005,467
32	Taxes Paid	3,249,971,677	3,440,989,613
33	Debt Service Liabilities (DSL) Payable	4,552,418,251	3,952,735,944
34	Debt Service Liabilities (DSL) Paid	7,566,575,689	5,884,500,975
35	Fees, Fine and Charges Payable		119,274
36	Fees, Fine and Charges Paid		119,274
37	New Government Investment:		
	• Equity	13,242,947,643	17,175,077,051
	• Debts/Loan	64,806,940,501	72,669,432,141
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	99,920,161	24,071,504
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	11,748,074,456	11,261,840,692
40	Added Value	25,686,899,529	22,540,848,054
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)	3,436	3,293
45	Performance score achieved on APA		95%