Independent Performance Evaluation (IPE) Report

on

Meghna Petroleum 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.

Meghna Petroleum Limited (MPL) 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, MPL achieved a weighted average score of 2.68 out of 4.00, earning a "Good" grade.

1. Introduction

Meghna Petroleum Marketing Company Limited was created after acquiring the operation of the Esso Eastern Inc. America in 1975.After that Meghna Petroleum Limited was established on December 27, 1977, under the Companies Act 1913 (amended in 1994) as a Private Limited Company. In 1976, the assets and liabilities of MPL were transferred and handover to Bangladesh Petroleum Corporation (BPC) as per BPC Ordinance No: LXXXVIII, and since then MPL has been functioning as a subsidiary of BPC. Later, MPL was converted into a Public Limited Company from Private Limited on 29 May 2007. After conversion, the company started functioning with an Authorized Capital of Tk. 10 crore and Paid-up Capital of Tk. 5 crore to off-load of 30% i.e. 12.00 million shares under direct listing procedure and was enlisted in Dhaka & Chittagong Stock Exchange. Then after according to government decision, BPC has been off-loaded another 17% shares of the company in September 2011 under the direct listing procedure. After an interval, in 2015 MPL increased its Authorized Capital and Paid-up Capital respectively by issuing Bonus Shares.

As of June 30,2024, Authorized Capital: Tk. 4,000 million and Paid-up Capital: Tk. 1,082 million respectively. Bangladesh Petroleum Corporation (BPC) holds 58.67% shares; Institutions hold 33.67%, foreign 0.04% and individuals 7.61% shares of MPL. MPL is Procuring, storage and marketing of Petroleum Products, Lubricants, Bitumen, LPG and Battery water in the Country. Energy is the Prime sources to expediting the socio-economic development of the country. Fuel is an important source of energy. MPL is one of the top leading oil marketing Company in the country. In FY 2023-24 the Company's market share was 38.79%. The Energy and Mineral Resources Division under the Ministry of Power, Energy and Mineral Resources is the oversees entity of Meghna Petroleum Limited.

Table 1: Key Operational Activities

Sl	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1	Purchase of Petroleum and Lubricant Products	M. Ton	2,382,464	2,620,772	2,411,090
2	Sales of Petroleum Products	M. Ton	2,438,660	2,611,566	2,359,811
3	Seles of Lubricant Products	M Ton	10,517	8,439	9,057

Source: MPL

Over the last three fiscal years, Meghna Petroleum Limited's operational performance shows moderate fluctuations in both procurement and sales volumes. Purchases of petroleum and lubricant products increased from 2,382,464 metric tons in FY 2021–22 to 2,620,772 metric tons in FY 2022–23, reflecting a growth of about 10.0 percent, before declining to 2,411,090 metric tons in FY 2023–24, a decrease of approximately 8.0 percent compared to the previous year, though still about 1.2 percent higher than FY 2021–22. Sales of petroleum products followed a similar pattern, rising from 2,438,660 metric tons in FY 2021–22 to 2,611,566 metric tons in FY 2022–23, an increase of around 7.1 percent, and then falling to 2,359,811 metric tons in FY 2023–24, a decline of about 9.7 percent compared to FY 2022–23 and about 3.2 percent lower than FY 2021–22. Sales of lubricant products declined from 10,517 metric tons in FY 2021–22 to 8,439 metric tons in FY 2022–23, representing a reduction of about 19.8 percent, before recovering to 9,057 metric tons in FY 2023–24, an increase of approximately 7.3 percent, although still about 13.9 percent below the FY 2021–22 level. Overall, the data indicate that MPL experienced an expansion phase in FY 2022–23 followed by a contraction in FY 2023–24, ending the period with relatively stable petroleum volumes and a partial recovery in lubricant sales.

2. Role and Functions

i. To ensure safe and modern handling of fuel oil, management systems should be developed in line with international standards.
ii. Development of corporate and financial management for the sustainable development of the company.
iii. Organize training for the employees to develop them into professionally skilled manpower.
iv. Undertake economically profitable and cost-effective projects.
v. Ensuring effective customer service by providing quality products and services at the customer level.

3. Core Business and Organizational Structure

i. Responsible to supply fuel oil throughout the country as per guideline of Government/Bangladesh Petroleum Corporation (BPC).
ii. MPL on behalf of BPC receives and stories fuel oil imported and local sources.
iii. Uninterrupted supply of fuel oil through the country.
iv. Development of marketing and distribution network infrastructure to provide best service.

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	4	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	7.00% or more	6.00% to 6.99%	5.00% to 5.49%	4.00% to 4.99%	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	**Social Contribution** • Environmental Contribution • CSR	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	5	86.00%	Very Good	3	Note 1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	4	22.65%	Excellent	4	AFS
	2b. Sales Growth	QN	4	(8.23)%	Under Performing	0	AFS
	2c. Other Growth	QL	4	80.00%	Good	2	Note 2
3	**Effective Implementation of Public Policy**	QL	4	94.00%	Excellent	4	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 Meghna Petroleum Limited has strategic targets that includes the construction of an LPG warehouse, automation of operational activities, expansion of the pipeline network, construction of a POL storage tank with a capacity of 24,000 metric tons, establishment of new oil tanks, expansion of the lube oil warehouse, and completion of Meghna Bhaban. These plans and programs are aligned with the National Strategic Plan and contribute to the achievement of the Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) through improved energy infrastructure and access, SDG 9 (Industry, Innovation and Infrastructure) through modernization and expansion of energy facilities, and SDG 12 (Responsible Consumption and Production) by enhancing operational efficiency, safety, and sustainable resource management.

Note-2: MPL has undertaken the following measures to enhance its operational Process:

i. Construction of 8,000 M.Ton Capacity POL storage vertical steel tank at main installation
ii. Procurement of 01 (one) Tank Lorry for Meghna Model Service Center
iii. CC work under Product Pipeline
iv. Implementation of VAT Management Software.
v. Introduced Bitumen Software.

Note-3: Meghna Petroleum Limited (MPL) effectively implements public policy by ensuring the safe, efficient, and uninterrupted supply of petroleum and lubricant products nationwide in line with Government and BPC directives.

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

i. MPL secures an environmental clearance certificate before execution of all its projects from the Department of Environment
ii. The entity has organized various training programs to strengthen the capacity and professional skills of its employees.
iii. In FY 2023–24, MPL disbursed Tk. 4.93 million under its Corporate Social Responsibility program to support poor patients and various religious institutions.
iv. The entity distributed WPPF funds among their employees as per WPPF rules and regulations.

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	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	4	TK10.00 mil or more	TK9.00 to 9.99 mil	TK8.00 to 8.99 mil	TK7.00 to 7.99 mil	Below TK 7.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk.0.05 or more	Tk. 0.04 to 0.49	Tk. 0.03 to 0.39	Tk. 0.20 to 0.29	Below Tk. 0.02
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 3.00 or more	Tk. 2.75 to 2.99	Tk. 2.50 to 2.74	Tk. 2.25 to 2.49	Below Tk. 2.50
4	**Production**							
	4a. Inventory Turnover (Times)	QN	4	20.00 or more	18.00 to 19.99	16.00 to 17.99	14.00 to 15.99	Below 14.00%
	4b. Asset Turnover (Times)	QN	4	5.00 or more	4.00 to 4.99	3.00 to 3.99	2.00 to 2.99	Below 2.00
		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	5	80.00%	Good	2	Note 5
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	4	Tk. 8.62 mil	Good	2	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.03	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 2.58	Good	2	AFS
4	**Production**						
	4a. Inventory Turnover (Times)	QN	4	16.76	Good	2	AFS
	4b. Asset Turnover (Times)	QN	4	3.02	Good	2	AFS
		Sub-total	25				

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

- Uploaded relevant policies, rules, forms, and customer service information on its official website.

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. 1,500 mil or more	Tk. 1,300 to Tk. 1,499 mil	Tk. 1,100 to Tk. 1,299 mil	Tk. 900 to Tk. 1,099 mil	Below Tk. 900 mil
2	Profit before Tax	QN	2	Tk. 5,500 mil or more	Tk. 5,000 to Tk. 5,499 mil	Tk. 4,500 to Tk. 4,999 mil	Tk. 4,000 to Tk. 4,499 mil	Below Tk. 4,000 mil
3	Return on Assets (%)	QN	2	6.00% or more	5.50% to 4.99%	5.00% to 5.49%	4.50% to 4.99%	Below 4.50%
4	Return on Sales (%)	QN	2	2.50% or more	2.00% to 2.49%	1.50% to 1.99%	1.00% to 1.49%	Below 1.00%
5	Return on Equity (%)	QN	2	20.00% or more	18.00% to 19.99%	16.00% to 17.99%	14.00% to 15.99%	Below 14.00%
6	Net Worth Growth (%)	QN	2	15.00% or more	13.00% to 14.99%	11.00% to 12.99%	9.00% to 10.00%	Below 9%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	2	1.50or less	1.51 to 2.00	2.01 to 2.50	2.51 to 3.00	More than 3.00
2	Debt to Assets (Times)	QN	2	0.60or 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	1.75to 1.99	1.50to 1.74	1.25to 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	Debt Service Liabilities 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. 1,914.46 mil	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 6,953.09 mil	Excellent	4	AFS
3	Return on Assets (%)	QN	2	5.50%	Very Good	3	AFS
4	Return on Sales (%)	QN	2	1.82%	Good	2	AFS
5	Return on Equity (%)	QN	2	21.40%	Excellent	4	AFS
6	Net Worth Growth (%)	QN	2	17.06%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	38.05%	Under Performing	0	Annexure 1 SL 27 & 28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	2.89	Fair	1	AFS
2	Debt to Assets (Times)	QN	2	0.74	Very Good	3	AFS
3	Current Ratio (Times)	QN	2	1.18	Under Performing	0	AFS
4	Accounts Receivable Period (Days)	QN	2	29.13	Excellent	4	AFS
5	Accounts Payable Period (Days)	QN	2	83.31	Good	2	AFS
	iii. Transactions with Government						
1	Taxes Paid	QN	2	90.09%	Very Good	3	Annexure 1 SL 31 & 32
2	Debt Service Liabilities Paid	QN	2	-	Under Performing	0	Annexure 1 SL 33 & 34 Note-6
3	Dividend Paid	QN	2	94.12%	Excellent	4	Annexure 1 SL 29 & 30
		Sub-total	30				

Note 6: Bangladesh Petroleum Corporation (BPC) has not yet finalized the amortization schedule for Meghna Petroleum Limited (MPL) for the repayment of its long-term loan. As a result, MPL did not pay debt service liabilities (DSL) during FY 2023–24.

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 -7
2	Board Practices	QL	5	92%	Excellent	4	Note -8
3	Transparency and Disclosure	QL	5	91%	Excellent	4	Note -9
4	Control Environment and Process.	QL	5	81%	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: The entity operates under its own Memorandum and Articles of Association and adheres to the Bangladesh Petroleum Act 2016, Petroleum rules 1937, along with regulations, policies, employee service rules, and a code of conduct and ethics to uphold corporate governance. MPL also employs a corporate secretary for its board.

Note-8: During FY 2023-24 Meghna Petroleum Ltd Board of Directors consisted of 10 (ten) members, including the Chairman,1(one) shareholder director, managing director as ex-officio member and 2 (two) independent directors all members are nominated by the government. In the fiscal year 2023-24, 30 (thirty) board meetings were held, resulting in the implementation of 80(eighty) board decisions. It is noteworthy that MPL has 2(two) board committee such as Audit Committee and Nomination and Remuneration Committee (NRC).

Note-9: The entity publishes a wide range of information on its website, including Memorandum and Articles of Association, rules, financial data, names and biographies of board directors and senior managers, audited financial statements, the citizen charter, and code of conduct etc.

Note-10: MPL has implemented the following measures to enhance environmental and process control:

i. The entity has an internal Audit Department to implement the internal control system among the various department to ensure the accuracy of monetary transactions and safeguards of the company assets etc that reports directly to the managing director and audit committee.
ii. Uses Foxpro software for recording financial transactions and operates a partially computer-based Management Information System (MIS).
iii. Empowers the board 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 Meghna Petroleum Limited (MPL) has been evaluated using information and documents of the inception report provided by MPL.

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 MPL 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, MPL'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

Meghna Petroleum Limited (MPL)

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	3	0.15
2	Growth Trajectory: 2a. Net Income Growth		4	4	0.16
	2b. Sales Growth		4	0	0.00
	2c. Other Growth		4	2	0.08
3	Effective Implementation of Public Policy • Implement activities to achieve policy goal		4	4	0.16
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
	Sub Total		**25**		**0.67**

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		5	2	0.10
2	Labor Productivity: 2a. Added Value Per Employee		4	2	0.08
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	2	0.08
	3b. Added Value Per TK Value of PPE		4	2	0.08
4	Production:				
	4a. Input Use Efficiency (%)				
	4b. Inventory Turnover (Times)		4	2	0.08
	4c. Asset Turnover (Times)		4	2	0.08
	4d. Capacity Utilization (%)				
	Sub Total		**25**		**0.50**

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	2	0.04
5	Return on equity		2	4	0.08
6	Net worth growth		2	4	0.08
7	Capital budget utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		2	1	0.02
2	Debt to assets		2	3	0.06
3	Current ratio		2	0	0.00
4	Accounts Receivable Period (Days)		2	4	0.08
5	Accounts Payable Period (Days)		2	2	0.04
	iii. Transactions with Government:				
1	Taxes paid		2	3	0.06
2	Debt Service Liabilities Paid		2	0	0.00
3	Dividend Paid		2	4	0.08
	Sub Total		**30**		**0.76**

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	4	0.20
5	Performance against the key Indicators of APA: • Total Performance score achieved on APA				
	Sub Total		**20**		**0.75**
	Grand Total (A+B+C+D)	**100**	**100**		**2.68**

7. Interpretation of Results

As per Independent Performance Evaluation Meghna Petroleum Limited (MPL) Scored 2.68 out of 4.00 in the year 2023-24.

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

- Transparency and Disclosure
- Corporate Governance
- Board Practices
- Accounts Receivable Period
- Return on Equity
- Effective Implementation of Public Policy
- Net Income Growth
- Net Worth Growth

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

- Control Environment and Process
- Social Contribution
- Entity Strategic Plan
- Debt to Assets
- Efficiency of Project Implementation
- Return on Assets

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

- Capital Productivity
- Product Delivery
- Other Growth
- Labour Productivity
- Assets Turnover
- Return on Sales
- Accounts Payable Period
- Inventory Turnover

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

- Debt Equity Ratio

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

- Current Ratio
- Sales Growth.
- Capital Budget Utilization

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

i. MPL recorded an operating profit of Tk.1,914.46 million.
ii. The entity earned net profit (after tax) of Tk. 5,422.97 million.
iii. MPL's current ratio stood at 1.18, indicating a moderate liquidity position to meet its current liabilities within the due period.
iv. Tk. 1,350.07 million was paid as taxes.
v. Dividend paid Tk. 1,731.46 million to the shareholders.

8. Findings from the Audited Financial Statement 2023-24

A. In the Meghna Petroleum Limited (MPL) Audit Report 2023-24 the auditors provided the qualified opinion of the following issues:

i. The company has a Share Money Deposit of Tk. 116.06 million under Equity Account head. But according to FRC notification the company has the obligation to convert the Share Money Deposit into Share Capital within 6 months from the date of deposit.
ii. MPL has a VAT payable obligation of Tk. 1,338.53 million that is shown under Other Finance head but corresponding VAT return shows Tk. 79,292 million, so which is not matched with VAT Return. Therefore, a reconciliation of differences should be undertaken.

B. In the MPL Audit Report 2023-24, the auditor emphasized and drew attention to the following issues:

i. The company did not update their Fixed Assets Register. Moreover, the entity never conducted any impairment tests of its Property, Plant and Equipment to ascertain whether any assets of MPL incurred loss or not. Which is also non-compliance with IAS- 36.
ii. MPL is currently incorporated royalty income in their account on a cash basis that violates the accrual concept of IAS-1.
iii. MPL has a Depreciation Reserve Fund of Tk. 312.72 million, but the entity has no depreciation policy.
iv. The company did not conduct actuarial assessments for the gratuity provision of its employees.

9. Recommendation for Performance Based Incentives

Meghna Petroleum Ltd has obtained a weighted score 2.68 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended a non-financial incentive for the employees of MPL. Also, a certificate from Finance Division may be awarded to MPL for being graded "Good" in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To improve the performance of Meghna Petroleum Ltd the following recommendations are made based on the findings of IPE:

i. MPL should execute all undertaken development work plan according to their Plan and Program that help to maintain fuel safety inventory in the country.
ii. The entity should take necessary steps for Automation of Main Installation and all depots to enhance the safety, accuracy and security of operations.
iii. MPL should implement the Enterprise Resource Planning (ERP) Software for smooth and efficient operation.
iv. MPL should Provide training for its employees to improve operational efficiency
v. Prepare financial statements in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to strengthen financial discipline, transparency, and reporting.
vi. The entity should maintain an up-to-date asset register with costs or fair values for accurate and transparent financial reporting.
vii. BPC should finalized loan amortization schedule of MPL urgently that helps to repay the company's DSL installment payment timely.
viii. Bangladesh Petroleum Corporation should urgently finalize the loan amortization schedule of Meghna Petroleum Limited to facilitate timely repayment of the company's DSL installment obligations.
ix. 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.
x. To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.
xi. The entity should introduce a Grievance Redress System (GRS) for its stakeholders to effectively address complaints and improve stakeholder satisfaction.

11. Conclusion

Based on the Audited Financial Statements (AFS) and relevant data and documents of Meghna Petroleum Limited (MPL), the Independent Performance Evaluation (IPE) report for FY 2023–24 has been prepared. The evaluation indicates that MPL's financial and non-financial performance is at a moderate level. To enhance operational efficiency and significantly increase the storage capacity of petroleum products, the entity should complete the construction of the LPG warehouse, POL storage tanks, and lube oil warehouse, along with the automation of operational activities, in line with its approved plans and programs. In addition, MPL should resolve and settle the financial issues identified in the MPL Audited Financial Statement 2023–24.

Annexure 1

Meghna Petroleum Limited (MPL)

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		
	• Products and Receptacles	20,206,636,601	14,786,302,814
	• Store & Spares	53,238,957	68,550,059
	ii. Receivable:		
	• Trade	2,471,546,773	1,527,368,573
	• Others	15,005,060,364	22,593,779,043
	iii. Cash and Cash Equivalent	32,013,212,233	42,703,857,210
	iv. Others Current Assets & Investment	16,628,151,099	14,777,379,604
2	Total Current Assets (i+ii+iii+iv)	86,377,845,027	96,457,237,303
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	1,226,744,647	1,295,713,377
	• Capital Work in Progress		
	• Investments	10,402,714,854	9,267,190,273
	• Other non-current assets	556,734,716	288,190,733
4	Total Assets (2+3)	98,564,039,244	107,308,331,686
5	Current Liabilities:		
	i. Payables:		
	• Trade	63,865,603,435	76,448,455,000
	• Others	7,166,093,437	7,186,360,385
	ii. Other Current Liabilities	1,936,377,899	1,769,121,976
6	Total Current Liabilities (i+ii)	72,968,074,771	85,403,937,361
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	116,148,354	128,244,720
	ii. Deferred Liabilities	144,150,243	131,998,955
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	260,298,597	260,243,675
9	Total Liabilities (6+8)	73,228,373,368	85,664,181,036
10	Equity:		
	i. Share Capital	1,082,161,080	1,082,161,080
	ii. Depreciation Fund Reserve	312,723,333	218,180,701
	iii. Share Money Deposit	116,061,862	116,061,862
	iv. General Reserve	18,405,000,048	15,805,000,048
	v. Retained Earnings/(Loss)	5,419,719,553	4,422,746,959
11	Total Equity (i+ii+iii+iv+v)	25,335,665,876	21,644,150,650
12	Total Equity and Liabilities (9+11)	98,564,039,244	107,308,331,686

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	297,359,669,872	100.00%	324,039,119,204	100.00%
14	Less: Cost of Sales/Services	294,189,157,691	98.93%	320,861,029,978	99.02%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	3,170,512,181	1.07%	3,178,089,226	0.98%
16	Less: Operating Expenses:				
	i. Administrative Expenses	1,253,223,935	0.42%	1,168,540,816	0.36%
	ii. Marketing Expenses	2,831,482	0.001%	4,072,315	0.001%
17	Total Operating Expenses (i+ii)	1,256,055,417	0.42%	1,172,613,131	0.36%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	1,914,456,764	0.64%	2,005,476,095	0.62%
19	Add: Non-Operating Income	5,731,541,811		4,335,218,165	
20	Less: Financial Expenses	326,956,996		256,421,387	
21	Less: Contribution to WPPF	365,952,079		304,213,644	
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19 – 20 – 21)	6,953,089,500		5,780,059,229	
23	Less: Provision for Tax				
	i. Current tax	1,533,221,492		1,350,851,469	
	ii. Deferred tax	(3,104,946)		7,810,446	
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	5,422,972,954		4,421,397,314	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales	30,963,357,905	
26	Credit Purchases	279,813,101,655	
27	Capital Budget Allocation	825,552,000	510,829,000
28	Actual Capital Expenditure	314,109,339	63,286,000
29	Dividend Payable	1,839,673,836	1,731,457,728
30	Dividend Paid	1,731,457,728	1,623,241,620
31	Taxes Payable	1,498,593,531	1,315,444,452
32	Taxes Paid	1,350,072,413	927,094,182
33	Debt Service Liabilities (DSL) Payable		
34	Debt Service Liabilities (DSL) Paid		
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)	(8,867,819,930)	8,129,794,138
40	Added Value	3,170,512,181	3,178,089,226
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)	363	373
45	Performance score achieved on APA		