Independent Performance Evaluation (IPE) Report
on
Pashchimanchal Gas Company Ltd (PGCL)
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.

Pashchimanchal Gas Company Limited (PGCL) 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, PGCL has obtained a weighted average score of 3.01 out of 4.00 and graded 'Very Good' in FY 2023-24.

1. Introduction

Pashchimanchal Gas Company Limited (PGCL) was incorporated on 29 November 1999 as a Public Limited Company under the Companies Act, 1994. The company began its commercial operations on 23 April 2000 as a subsidiary of Bangladesh Oil, Gas and Mineral Resources Corporation (Petrobangla). The aim of PGCL is to provide safe, reliable and efficient distribution of natural gas to the power, agricultural, industrial, commercial, and domestic sectors, thereby contributing to poverty reduction and promoting industrial and commercial development in the north-western region of Bangladesh. Oversight responsibilities of the company are carried out by the Energy and Mineral Resources Division (EMRD) under the Ministry of Power, Energy & Mineral Resources.

The key operational activities of PGCL are provided below:

Table 1: Key Operational Activities

Sl. No	Particulars	Unit	FY 2021–22	FY 2022–23	FY 2023–24
1	Total Customers	Nos.	129,401	129,406	129,412
2	Gas Purchases	MMCM	1,365.231	1,320.659	1,167.371
3	Gas Sales	MMCM	1,394.343	1,342.916	1,190.244
4	Installation of Gas Pipeline	Km	9.306	0.937	8.842
5	Distribution System Loss	%	2.13	1.69	1.96

Source: Pashchimanchal Gas Company Limited (PGCL)

Over the last three fiscal years, PGCL's operations show a clear trend of consolidation rather than expansion. The number of customers remained almost unchanged, increasing marginally from 129,401 in FY 2021–22 to 129,412 in FY 2023–24, reflecting a negligible growth of about 0.01 percent over the period. In contrast, gas purchases declined from 1,365.231 MMCM to 1,167.371 MMCM, representing an overall reduction of approximately 14.5 percent, while gas sales fell similarly from 1,394.343 MMCM to 1,190.244 MMCM, a decrease of around 14.6 percent, indicating a structural decline in gas consumption or supply availability. Pipeline installation dropped sharply by about 90 percent in FY 2022–23 compared to the previous year (from 9.306 km to 0.937 km) before rebounding strongly by about 844 percent in FY 2023–24 to 8.842 km.

Operational efficiency improved initially, with distribution system loss declining from 2.13 percent to 1.69 percent (a 20.7 percent improvement), although it increased again to 1.96 percent in FY 2023–24 (about 16 percent deterioration from the previous year), yet remaining below the FY 2021–22 level. Overall, the data indicates that PGCL has experienced reduced gas throughput, stable demand in terms of customer numbers, selective infrastructure expansion, and a modest net improvement in system efficiency over the three-year period.

2. Roles and Functions of PGCL

i. Install, replace, and upgrade gas distribution pipelines to ensure safe and uninterrupted supply.

ii. Install, repair, modify, and upgrade DRS/TBS/CMS facilities within PGCL's operational areas for efficient gas distribution management.

iii. Ensure the emergency customer needs and service .

iv. Collect revenue as per government rules and regulations.

v. Provides training to create skilled manpower for the gas sector.

vi. Strengthen vigilance and monitoring to prevent, detect, and address gas theft effectively.

3. Core Business

i. Prepare the Annual Gas Purchase Plan to supply the natural gas to its various categories of customers in PGCL's franchise areas.

ii. Install, repair, modify, and upgrade DRS/TBS/CMS facilities within PGCL's operational areas for efficient gas distribution management.

iii. Install prepaid meters for improved billing transparency and consumption monitoring.

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	15.00% or more	13.00 % to 14.99%	11.00% to 12.99%	9.00% to 10.99%	Below 9.00%
	2b. Service Revenue Growth	QN	4	25.00% or more	20.00% to 24.99%	15.00% to 19.99%	10.00% to 14.99%	Below 10.00%
	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	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	3	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**						
	1a. Entity Strategic Plan	QL	4	91.00%	Excellent	4	Note -1
2	**Growth Trajectory**						
	2a.Net Income Growth	QN	4	44.30 %	Excellent	4	AFS
	2b Service Revenue Growth	QN	4	33.81%	Excellent	4	AFS
	2c. Other Growth	QL	4	82.00%	Very Good	3	Note -2
3	**Effective Implementation of Public Policy**	QL	3	85.00%	Very Good	3	Note -3
4	**Efficiency of Project Implementation/ Project Goal Achievement:**	QN	3	82.5%	Very Good	3	Note -4
5	**Social Contribution**	QL	3	82.00%	Very Good	3	Note -5
	Sub-Total		25				

Note-1. In align with Integrated Energy and Power Master Plan (IEPMP) 2023 Pashchimanchal Gas Company Limited (PGCL) is expanding and modernizing its gas distribution infrastructure, such as the construction of gas distribution pipeline networks in Rangpur, Nilphamari, Pirganj City, and adjoining areas. In parallel, the company plans to install smart prepaid gas meters, along with SCADA and GIS systems, across its franchise areas to strengthen system monitoring, reduce losses, and improve overall operational efficiency. These initiatives directly support SDG 7 (Affordable and Clean Energy) by ensuring reliable access to modern energy, and SDG 9 (Industry, Innovation and Infrastructure) through the adoption of advanced technologies and resilient infrastructure.

Furthermore, PGCL's plan to supply gas to Hi-Tech Parks and BSCIC Industrial Parks/Cities will facilitate industrial development, employment generation, and regional economic growth, contributing to SDG 8 (Decent Work and Economic Growth) and SDG 9. The implementation of additional projects, including the construction of a head office and dormitory in Sirajganj and the installation of a 25 MMCFD capacity District Regulating Station (DRS) in Bogura, will enhance institutional capacity and system reliability. Collectively, these initiatives are fully aligned with the National Strategic Plan and advance SDG 12 (Responsible Consumption and Production) by promoting efficient energy use and improved resource management.

Note-2: PGCL has undertaken the following initiatives to enhance its operational efficiency:

i. Upgrading the existing gas distribution network to improve capacity, safety, and reliability.
ii. Installing 50 km of distribution pipelines of various diameters in Rangpur, Nilphamari, Pirganj, and adjoining areas.
iii. Disconnecting gas connections of 590 defaulting customers due to outstanding bills and illegal gas consumption in accordance with applicable rules and procedures.
iv. Regularly performing meter sealing, calibration, and EVC meter monitoring activities.
v. Installing 37 Cathodic Protection (CP) stations and 695 CP test point posts under the CP system to prevent gas pipeline corrosion.

Note-3: PGCL continues to carry out public functions in line with government policy by ensuring safe and uninterrupted gas supply, maintaining and upgrading pipelines and DRS/TBS/CMS facilities, providing emergency services, collecting revenues in accordance with applicable regulations, developing skilled manpower, and strengthening vigilance to prevent gas theft. In addition, its core business activities—such as annual gas purchase planning, infrastructure management, and the introduction of prepaid metering—promote transparency, operational efficiency, and financial discipline in the gas sector.

Note-4: During FY 2023-24, PGCL achieved 100% of its financial target and 65% of its physical target in project implementation. A comprehensive performance score was calculated based on this combined achievement.

Note-5: PGCL has undertaken the following social and environmental initiatives:

i. Obtaining environmental clearance certificates from the Department of Environment for all gas connections, excluding household customers, to ensure compliance with environmental regulations.

ii. Submitting monthly environmental reports to the Environment and Safety Division of Petrobangla.
iii. Providing educational scholarships to 22 children of the company's employees under CSR program.
iv. Maintaining employee benefit schemes, including WPPF, Provident Fund, Welfare Fund, and Gratuity Fund facilities.

Indices: B. Operational Efficiency

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

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**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	4	Tk. 15.00 mil or more	Tk. 12.00 to 14.99 mil	Tk9.00 to 11.99 mil	Tk.6.00 to 8.99 mil	Below Tk. 6.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.12 or more	Tk. 0.10 to 0.11	Tk. 0.08 to 0.09	Tk. 0.06 to 0.07	Below Tk. 0.06
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 2.00 or more	Tk. 1.75 to 1.99	Tk. 1.50 to 1.74	Tk. 1.25 to 1.49	Below Tk. 1.25
4	**Production**							
	4a. Inventory Turnover (Times)	QN	4	25.00 or more	20.00 to 24.99	15.00 to 19.99	10.00 to 14.99	Below 10.00
	4b. Asset Turnover (Times)	QN	4	1.20 or more	1.00 to 1.19	0.80 to 0.99	0.60 to 0.79	Below 0.60
		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**						
	Service Benefit & Accessibility	QL	5	86%	Very Good	3	AFS Note-6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	4	Tk. 11.07 mil	Good	2	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.09	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 1.96	Very Good	3	AFS
4	**Production**						
	4a. Inventory Turnover (Times)	QN	4	38.18	Excellent	4	AFS
	4b. Asset Turnover (Times)	QN	4	0.90	Good	2	AFS
		Sub-total	25				

Note-6: PGCL has implemented the following measures to enhance service delivery for its stakeholders:

i. Maintaining an online bills payment system through any VISA or Master Card, Debit/Credit Card system with a Customer Dashboard and Customer Portal.
ii. Operating a dedicated hotline (16514) for customer support.
iii. Residential customers can pay gas bills via mobile platforms such as e-pay, Sure cash and Rocket
iv. The entity should introduce GRS facilities for the stakeholders.

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. 1,200 million or more	Tk. 1,000 to Tk 1,199 million	Tk.800 to Tk. 999 million	Tk. 600 to Tk. 799 million	Below Tk. 600 million
2	Profit before Tax	QN	2	Tk. 1,300 million or more	Tk. 1,100 to Tk. 1,299 million	Tk. 900 to Tk. 1,099 million	Tk. 700 to Tk. 899 million	Below Tk. 700 million
3	Return on Assets (%)	QN	2	11.00 % or more	9.00 % to 10.0 %	7.00 % to 8.99%	5.00% to 6.99%	Below 5.00%
4	Return on Service Revenue (%)	QN	2	8.00% or more	7.00%to 7.99%	6.00% to 6.99%	5.00% to 5.99%	Below2 5.00%
5	Return on Equity (%)	QN	2	20.00% or more	15.00% to 19.99%	10.00 % to 14.99%	5.00 % to9.99%	Below 5.00%
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	1.50or 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	0.60 or less	0.61 to 1.00	1.10 to 1.40	1.41 to 1.80	More than 1.80
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5	Accounts Receivable Period (Days)	QN	2	90 days or less	91 to 100 days	101 to 110 days	111 to 120 days	More than 120 days
6	Accounts Payable Period (Days)	QN	2	90 days or less	91 to 100 days	101 to 110 days	111 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	1	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Dividend Paid	QN	1	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. 1,582.12 million	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 1,957.55 million	Excellent	4	AFS
3	Return on Assets (%)	QN	2	5.56%	Fair	1	AFS
4	Return on Sales (%)	QN	2	6.25%	Good	2	AFS
5	Return on Equity (%)	QN	2	19.33%	Very Good	3	AFS
6	Net Worth Growth (%)	QN	2	21.45%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	38.91%	Under Performing	0	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	2.48	Good	2	AFS
2	Debt to Assets (Times)	QN	2	0.71	Very Good	3	AFS
3	Debt Coverage Ratio (Times)	QN	2	9.64	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	1.42	Fair	1	AFS
5	Accounts Receivable Period (Days)	QN	2	274	Under Performing	0	AFS
6	Accounts Payable Period (Days)	QN	2	365	Under Performing	0	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	97.12%	Excellent	4	SL-31,32 of Annexure -1
2	Debt Service Liabilities Paid	QN	1	100%	Excellent	4	SL-33,34 of Annexure -1
3	Dividend Paid	QN	1	94.12%	Excellent	4	Annexure 1 SL 29 & 30
		Sub-total	30				

Indices: D. Corporate Governance Practices

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

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Board Practices:** • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Transparency and Disclosure:** • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Control Environment and Process:** • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 5 (b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of 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	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. PGCL operates under its own Memorandum and Articles of Association, adhering to a comprehensive framework of corporate governance. This includes the Code of Conduct, Employee Service Rules and Regulations, Board-approved key policies, the ethics outlined in the National Integrity Strategy, the Citizen Charter, and the Bangladesh Energy Regulatory Commission (Amendment) Act, 2023. Additionally, PGCL appoints a corporate secretary to support Board activities.

Note-8: The Board of Directors consists of 9 (nine) members, including the ex-officio Managing Director and 2 (two) independent directors, all nominated by the government. The Board operates under its Terms of Reference (TOR) and has established 3 (three) board committees to support its functions. During FY 2023-24, the Board convened 17 (seventeen) meetings, resulting in the implementation of 190 (one hundred ninety) decisions.

Note-9: The entity's website provides comprehensive information, including the names and biographies of the Board of Directors and senior managers, audited financial statements, the Citizen Charter, relevant acts, rules, regulations, and the Code of Conduct.

Note-10: PGCL has undertaken the following measures to control environment and process:

i. Established an Audit office to ensure an efficient internal control system that reporting directly to the Managing Director.
ii. Introduced e-Filing, e-Documents to enhance the transparency and accountability in the company's operational activities.
iii. Installed fire extinguishers at office buildings and other PGCL premises.
iv. Set up CCTV cameras at the company's head office, coupled with 24/7 security monitoring.
v. Introduced e-GP system to ensure greater participation, transparency and accountability in the company's procurement.
vi. IP Camera surveillance system around the Head Office, Regional Offices and Hub Control building,

5. IPE Process

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

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 PGCL 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, PGCL'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

Pashchimanchal Gas Distribution Company Ltd (PGCL)

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	4	0.16
2	Growth Trajectory: 2a. Net Income Growth		4	4	0.16
	2b. Service Revenue Growth		4	4	0.16
	2c. Other Growth		4	3	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	3	0.09
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		3	3	0.09
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
		Sub Total	**25**		**0.87**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	3	0.15
2	Labor Productivity: 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	3	0.12
4	Production:				
	4a. Inventory Turnover		4	4	0.16
	4b. Asset Turnover		4	2	0.08
		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
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	1	0.02
4	Return on Service Revenue		2	2	0.04
5	Return on equity		2	3	0.06
6	Net worth growth		2	4	.0.08
7	Capital budget utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		2	2	0.04
2	Debt to assets		2	3	0.06
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	1	0.02
5	Accounts receivable period		2	0	0.00
6	Accounts payable period		2	0	0.00
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Debt Service Liabilities Paid		1	4	0.04
3	Dividend Paid		1	4	0.04
		Sub Total	**30**		**0.72**

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
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				**0.75**
	Grand Total (A+B+C+D)	**100**	**100**		**3.01**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Pashchimanchal Gas Company Ltd Scored 3.01 out of 4.00 in the year 2023-24.

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

- Board Practices
- Inventory Turnover
- Corporate Governance
- Transparency and Disclosure
- Debt Coverage Ratio
- Net Worth Growth
- Net Income Growth
- Entity Strategic Plan
- Service Revenue Growth

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

- Efficiency of project Implementation
- Debt to Assets
- Control Environment and Process
- Return on Equity
- Social Contribution
- Service Delivery
- Other Growth
- Effective Implementation of Public Policy

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

- Assets Turnover
- Debt Equity Ratio
- Return on Sales
- Capital Productivity
- Labour Productivity

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

- Current Ratio
- Return on Assets

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

- Accounts Receivable Period
- Capital Budget Utilization
- Accounts Payable Period

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

i. PGCL has earned operating profit of Tk. 1,582.12 million.
ii. The entity earned net profit (after tax) of Tk 1,394.70 million.
iii. PGCL Current Ratio (Times) 1.42 which indicates entity is in a moderate position to meet its current liabilities in due period.
iv. PGCL Paid Taxes Tk. 1,190.81 million and DSL Tk. 32.55 million.

8.Findings from Audited Financial Statement 2023-2024

In the Pashchimanchal Gas Company Limited audit report 2023-24, the auditors emphasized and drew attention to the following issues:

i) In audited financial statement 2023-24 Trade Receivable Stand Tk. 16,859.57 million as on 30th June 2024. Notably, Trade Receivable increased by 122% compared to previous FY 2022-23. However, the company has not recognized any provisions for the potential uncollected trade receivables. No aging statements were provided in Audit Report 2023-24 So; adequate bad debt provision should be kept as per IFRS- 9.

ii) The entity disclosed 'Related Party Transactions' in Note 24 of its audited financial statements. During FY 2023–24, PGCL conducted a number of transactions with Petrobangla and its 10 (ten) subsidiaries. As of June 30, 2024, the total outstanding balance relating to these related party transactions stood at Tk. 14,686,175,324.

9. Recommendation for Performance Based Incentives

Paschimanchal Gas Company Ltd has obtained a weighted score of 3.01 out of a scale 4.00 and is graded "Very Good". Therefore, IPEC recommended non-financial incentive for the employees of PGCL. Also, a certificate from Finance Division may be awarded to PGCL for being graded "Very Good" in IPE for the FY 2023-24.

10. Recommendation for Improvement:

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

i. PGCL has undertaken several projects to expand its gas distribution network and installation of prepaid gas meters. All these projects should be completed within the approved timelines.

ii. The entity should take appropriate measures to reduce distribution system loss to an acceptable level through better monitoring, maintenance, and operational controls.

iii. PGCL should install the smart prepaid meters and implement SCADA, and GIS systems in its covered areas. These technologies will help reduce gas wastage, enhance energy efficiency, and strengthen overall gas distribution management.

iv. The entity should implement ERP software to streamline and optimize operational, financial, and administrative activities.

v. PGCL should form board committees Audit Committee (such as the Audit Committee and the Nomination & Remuneration Committee (NRC))- to strengthen internal control, compliance, and governance practices.

vi. PGCL should take proper and regular steps to disconnect the illegal gas connections and defaulting customers in accordance with government rules and company procedures.

vii. The entity should execute their action plan that will help to meet the future demand of gas in the designated areas.

viii. Prepare financial statements in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to strengthen financial discipline, transparency, and reporting.

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

x. Employee costs of PGCL increased by 21.22% during FY 2023–24 compared to the previous fiscal year. So, the entity should take appropriate measures to rationalize employee benefits and allowances. The entity may consider appointing women directors to its Board in alignment with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024), UN Sustainable Development Goal (SDG) 5 on Gender Equality, and World Bank/IFC corporate governance recommendations to promote gender diversity.

xi. To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

xii. 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.

xiii. 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, data, and supporting documents of Pashchimanchal Gas Distribution Company Ltd. (PGCL), the Independent Performance Evaluation (IPE) report for FY 2023–24 has been prepared. The report indicates that PGCL's financial performance during FY 2023–24 was moderate, while its non-financial performance shows signs of improvement. To further enhance overall performance, the company should expand and upgrade its gas distribution network and install smart prepaid meters to improve billing accuracy and operational efficiency. In addition, PGCL should address and resolve the financial anomalies identified in the PGCL Audited Financial Statement for FY 2023–24.

Annexure-1

Paschimanchal Gas Company Ltd
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		
	• Stores and other Materials	529,411,786	532,430,668
	ii. Receivable:		
	• Trade	16,859,573,345	7,600,468,787
	• Others	147,007,050	76,348,975
	iii. Investments (FDR & Depreciation Fund)	4,156,535,181	3,752,822,661
	iv. Cash and Cash Equivalent including FDR	957,204,646	1,167,451,218
	v. Others Current Assets	996,982,741	778,985,601
2	Total Current Assets (i+ii+iii+iv)	23,646,714,749	13,908,507,910
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	1,136,679,601	1,156,999,806
	• Capital Work in Progress		
	• Loan to Employee	312,468,729	267,846,851
4	Total Assets (2+3)	25,095,863,079	15,333,354,567
5	Current Liabilities:		
	i. Payables:		
	• Trade	14,638,508,655	6,261,502,884
	• Others	1,061,603,413	1,195,952,237
	ii. Other Current Liabilities	902,496,337	793,184,612
6	Total Current Liabilities (i+ii)	16,602,608,405	8,250,639,733
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	5,604,774	30,613,762
	ii. Deferred Liabilities		
	iii. Other Non-Current Liabilities	1,271,487,325	1,110,635,393
8	Total Non-Current Liabilities (i+ii+iii)	1,277,092,099	1,141,249,155
9	Total Liabilities (6+8)	17,879,700,504	9,391,888,888
10	Equity:		
	i. Share Capital	929,011,400	929,011,400
	ii. Retained Earnings/(Loss)	6,287,151,175	5,012,454,279
11	Total Equity (i+ii+iii+iv+v)	7,216,162,575	5,941,465,679
12	Total Equity and Liabilities (9+11)	25,095,863,079	15,333,354,567

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	22,498,342,650	100%	16,814,131,629	100%
14	Less: Cost of Sales	20,273,549,198	90.11%	15,125,494,187	89.96%
15	Gross Profit/(Loss) (13-14)	2,224,793,452	9.89%	1,688,637,442	10.04%
16	Less: Operating Expenses:				
	i. Administrative Expenses	642,672,727	2.86%	533,980,791	3.18%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	642,672,727	2.86%	533,980,791	3.18%
18	Operating Profit/(Loss) (15-17)	1,582,120,725	7.03%	1,154,656,651	6.87%
19	Add: Non-Operating Income	378,832,361		294,859,073	
20	Less: Financial Expenses	3,407,667		39,805,812	
21	Less: Contribution to WPPF	97,877,271		70,485,496	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	1,957,545,419		1,409,709,912	
23	Less: Provision for Tax				
	i. Current tax	464,971,252		372,689,889	
	ii. Deferred tax				
24	Net Profit/(Loss) After Tax (22-23)	1,394,696,896		966,534,527	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases		
27	Capital Budget Allocation	514,664,000	680,100,000
28	Actual Capital Expenditure	180,589,293	155,166,467
29	Dividend Payable	120,000,000	660,000,000
30	Dividend Paid	120,000,000	660,000,000
31	Taxes Payable	1,226,161,424	981,136,768
32	Taxes Paid	1,190,807,572	922,859,448
33	Debt Service Liabilities (DSL) Payable	32,552,989	76,408,375
34	Debt Service Liabilities (DSL) Paid	32,552,989	76,408,375
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		
	• Share Money Deposit		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	313,754,176	242,768,725
40	Added Value	2,224,793,452	1,688,637,442
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)	197	204
45	Performance score achieved on APA		