Independent Performance Evaluation (IPE) Report

on

Bangladesh Forest Industries Development Corporation (BFIDC)

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.

Bangladesh Forest Industries Development Corporation (BFIDC) has been evaluated for 3(three) consecutive years and 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, BFIDC achieved a weighted average score of 2.78 out of 4.00, earning a "Good" grade.

1. Introduction

The Government of Pakistan was established the "East Pakistan Forest Development Corporation," which was later renamed the "Bangladesh Forest Industries Development Corporation (BFIDC)" after the country's independence, under the President's Order No. 48 of 1972. Recently, the Forest Industries Development Corporation Ordinance 1959 was repealed and replaced by the Bangladesh Forest Industries Development Corporation Act 2026. The primary objective of BFIDC is to extract timber, rubber wood, and other forest products from forest lands to meet the country's demand for timber products such as veneered boards, plywood, firewood, wooden electric poles, logs, railway sleepers, and more. In 2023-2024, the Corporation managed a rubber plantation covering 33,161 acres, with approximately 4,093 thousand rubber trees producing raw rubber to meet national demand. During the evaluation period, all 8 (eight) of BFIDC's furniture and timber processing units were profitable. Out of its 18 (eighteen) rubber gardens, 9 (nine) were profitable, while the remaining 9(nine) incurred losses.

BFIDC plays a Vital role in the socio-economic development of marginalized village communities by involving them in tree and rubber plantation programs, which contribute to poverty reduction. Additionally, raw rubber is used to produce various essential commodities, and rubber trees also help meet the country's timber demands. The Ministry of Environment, Forest, and Climate Change has oversight responsibility for BFIDC.

Table 1: Key Operational Activities

SL	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Rubber Production	MT	5,249	5,804	5,556
2.	Rubber Sales	MT	5,100	2,897	8,680
3.	Rubber Export	USD	4,598,000	1,001,000	4,545,225
4.	Sale of Furniture	Cft	180,000	206,265	553,021

Source: BFIDC

The key operational activities of Bangladesh Forest Industries Development Corporation show varying trends over the three fiscal years from FY 2021–22 to FY 2023–24. Rubber production increased from 5,249 MT in FY 2021–22 to 5,804 MT in FY 2022–23, reflecting improved production capacity, but slightly declined to 5,556 MT in FY 2023–24, though it remained higher than the FY 2021–22 level. Rubber sales experienced a sharp decline from 5,100 MT in FY 2021–22 to 2,897 MT in FY 2022–23, indicating lower market demand or operational constraints during that year; however, sales increased significantly to 8,680 MT in FY 2023–24, suggesting strong market recovery and improved sales performance. Similarly, rubber export earnings dropped substantially from USD 4.60 million in FY 2021–22 to USD 1.00 million in FY 2022–23, but rebounded strongly to USD 4.55 million in FY 2023–24, almost reaching the earlier level. The sale of furniture demonstrated consistent and remarkable growth, rising from 180,000 Cft in FY 2021–22 to 206,265 Cft in FY 2022–23, and further increasing sharply to 553,021 Cft in FY 2023–24, indicating significant expansion in the corporation’s furniture production and marketing activities. Overall, while FY 2022–23 showed some declines in sales and export performance, FY 2023–24 recorded substantial recovery and growth, particularly in rubber sales and furniture sales.

2. Role and Functions

Bangladesh Forest Industries Development Corporation (BFIDC) mainly performs the following functions:

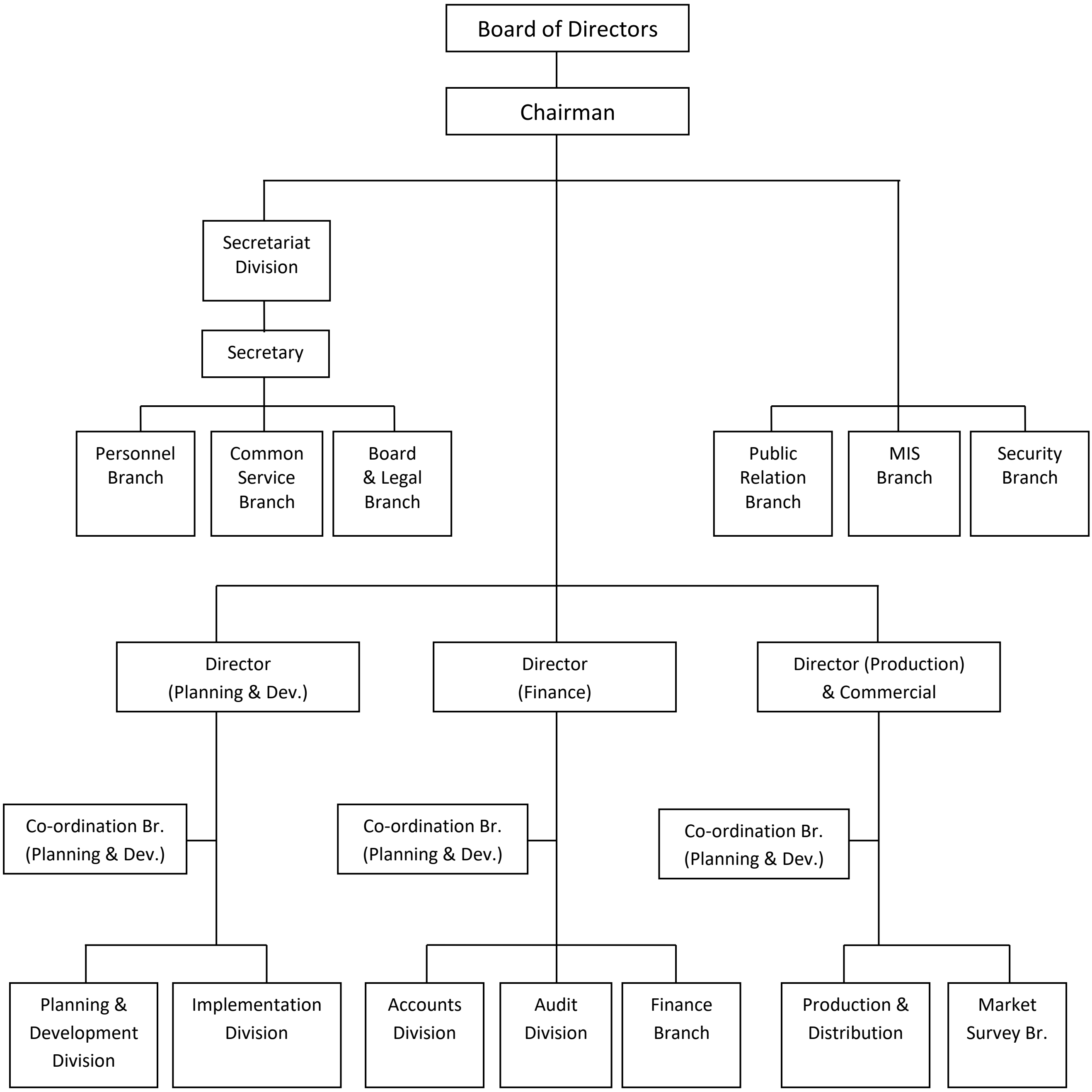
i. Manufacture, supply, and sell custom-designed furniture and wooden products.
ii. Establish new nurseries for rubber plants.
iii. Regularly engage in replantation and rehabilitation of rubber trees in rubber gardens.
iv. Promote and expand rubber marketing efforts.
v. Ensure timely seasoning and treatment of extracted timber/wood to maintain quality.
vi. Collect latex from rubber trees and process it into rubber sheets (RSS) at the rubber processing plant.
vii. Sell rubber sheets both locally and for export to international markets.

3. Core Business and Organizational Structure

Core Business:

i. Develop infrastructure for industrial units.
ii. Plan and implement extensive rubber plantation using hybrid rubber plants.
iii. Manufacturing high-quality furniture and wooden products tailored to market demands.
iv. Modernize technology for both rubber processing and furniture manufacturing plants.
v. Extract timber and rubber wood from forest land and rubber gardens.

Organizational Structure:



4. Evaluation Parameters

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

Table 2 (a): **Standard of Indices A** **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	**Entity Strategy**							
	Entity Strategic Plan	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	30% or more	25% to 29.99%	20% to 24.99%	15% to 19.99%	Below 15%
	2b. Sales Growth	QN	4	20% or more	18% to 19.99%	16% to 17.99%	14% to 15.99%	Below 14%
	2c. Other Growth	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy** Implement activities to achieve policy goal	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	5	85.00%	Very Good	3	Note-1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	5	35.49%	Excellent	4	AFS
	2b. Sales Growth	QN	5	76.79%	Excellent	4	AFS
	2c. Other Growth	QL	5	91.00%			Note-2
3	**Effective Implementation of Public Policy**	QL	3	92.00%	Excellent	4	Note 3
4	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	5	89.00%	Very Good	3	Note-3
	Sub-Total		25				

Note-1: To contribute to the achievement of Sustainable Development Goals (SDGs) particularly SDG 13 (Climate Action), SDG 15 (Life on Land), and SDG 9 (Industry, Innovation, and Infrastructure) - as well as to align with the National Strategic Plan, Government Policy Directives outlined in the National Budget, the Bangladesh Forest Industries Development Corporation (BFIDC) has formulated a long-term strategic plan for a period of 10 years focused on environmental restoration and industrial modernization. As part of this plan, BFIDC aims to restore degraded land and enhance soil quality by expanding rubber and timber plantations over 17,000 acres, subject to land lease approvals from the Forest Department and plan to import high yielding rubber variety through Rubber Board and the process is ongoing to modernize the rubber godown. Additionally, the organization is implementing a comprehensive infrastructure development and modernization program across all its industrial units, including the establishment of a new factory in Gazipur, to support sustainable industrial growth and resilience against climate-related challenges.

Note-2: The entity has undertaken the following measures to enhance its operational processes:

i. Installation of a CNC Router Machine for furniture design.
ii. Introduction of a Water Spray Booth for burnishing furniture.
iii. Implementation of a Lacquered Polishing Chamber.
iv. Installation of a Modern & Gas-Usable Smoke House.
v. Deployment of a Rubber Latex Cleaner.
vi. Installation of a Dust Collector in the furniture units.

Note 3: The Bangladesh Forest Industries Development Corporation (BFIDC) aligns its operations with national policies and development priorities by integrating environmental sustainability with industrial growth. Its activities—such as rubber plantation, replantation, timber processing, and furniture manufacturing—support sustainable resource management and contribute to SDG 13 (Climate Action), SDG 15 (Life on Land), and SDG 9 (Industry, Innovation, and Infrastructure). Overall, BFIDC demonstrates effective policy implementation through coordinated efforts in environmental restoration, technological modernization, and sustainable industrial development.

Note-4: BFIDC has carried out several social and environmental initiatives:

i. With 4,093 thousand rubber trees across 18 rubber gardens, the entity contributes to carbon sequestration and soil erosion prevention, benefiting the environment.
ii. The entity has allocated TK 17.85 million under the Workers' Profit Participation Fund (WPPF) for distribution among employees.
iii. Leguminous plants have been planted within the 18 rubber gardens, which absorb carbon dioxide, creating a more environmentally friendly workplace.
iv. BFIDC has supported students from Chattogram University in conducting research within the rubber gardens.
v. The entity provides WPPF facilities for its employees.

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	**Product Delivery**							
	Product Benefit & Accessibility	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 0.20 mil or more	Tk. 0.15 to 0.19 mil	Tk. 0.10 to 0.14 mil	Tk. 0.05 to 0.09 mil	Below 0.05 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.05 or more	Tk. 0.04 to Tk. 0.049	Tk. 0.03 to Tk. 0.039	Tk. 0.02 to Tk. 0.029	Below Tk. 0.02
	3b. Added Value per TK value of PPE	QN	3	Tk. 0.70 or more	Tk. 0.60 to Tk. 0.69	Tk. 0.50 to Tk. 0.59	Tk. 0.40 to Tk. 0.49	Below Tk. 0.40
4	**Production**							
	4a. Input Use Efficiency (%)	QN	3	25% or more	23% to 24%	21% to22%	19% to 20%	Below 19%
	4b. Inventory Turnover (Times)	QN	3	5.00 or more	4.00 to4.99	3.00 to 3.99	2.00 to 2.99	Below 2.00
	4c. Asset Turnover (Times)	QN	3	0.15 or more	0.13 to 0.14	0.11 to 0.12	0.09 to 0.10	Below .09
	4d. Capacity Utilization (%)	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
		Sub-total	25					

Table 3 (b): Achievement of Indices B

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement Grade	Score	Basis of Performance Measuring
1	**Product Delivery**						
	Product Benefit & Accessibility	QL	4	86.00%	Very Good	3	Note-5
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	3	Tk. 16 mil	Very Good	3	Note-6
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 04	Very Good	3	AFS
	3b. Added Value per TK Value of PPE	QN	3	TK0.77	Excellent	4	
4	**Production**						
	4a. Input Use Efficiency (%)	QN	3	25%	Excellent	4	Annexure 1, SL 44
	4b. Inventory Turnover (Times)	QN	3	3.07	Good	2	AFS
	4c. Asset Turnover (Times)	QN	3	0.17	Excellent	4	AFS
	4d. Capacity Utilization (%)	QN	3	99.41%	Excellent	4	Annexure 1, SL 43
		Sub-total	25				

Note-5: The entity is maintaining several facilities to enhance stakeholder benefits and streamline operations:

i. Under its sales procedure automation plan, BFIDC updates the rubber sheet (RSS) selling price on its website twice a month for customer convenience.
ii. Facilitates online order submission for rubber products. However, the entity yet to provide online order submission for furniture products.
iii. Enables rubber bill payments through RTGS (Real-Time Gross Settlement).
iv. Provides home delivery services for furniture sales.
v. Offers customizable furniture design options to meet specific customer needs.
vi. Promotes cashless transactions for better financial transparency and convenience.

Note-6: According to BFIDC's Audited Financial Statements for FY 2023-24, the corporation did not separately disclose wages, salaries, depreciation, and other detailed financial information. Consequently, in the absence of comprehensive data, the gross profit amount is considered as the Added Value of BFIDC for evaluation purposes.

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. 100 mil or more	Tk. 90 to Tk. 99 mil	Tk. 80 to Tk. 89 mil	Tk. 70 to Tk. 79 mil	Below Tk. 70 million
2	Profit before Tax	QN	2	Tk. 350 mil or more	Tk. 300 to Tk. 349 mil	Tk. 250 to Tk. 299 mil	Tk. 200 to Tk. 249 mil	Below Tk. 200 mil
3	Return on Assets (%)	QN	2	2.5% or more	2.0% to 2.49%	1.5% to 1.99%	1.0% to 1.49%	Below 1.0%
4	Return on Sales (%)	QN	2	14% or more	12% to 13%	10% to 11%	8% to 9%	Below 8%
5	Return on Equity (%)	QN	2	7% or more	6% to 6.99%	5% to5.99%	4% to 4.99%	Below 4%
6	Net Worth Growth (%)	QN	2	6.00% or more	5.00% to 5.99%	4.00% to 4.99%	3.00% to 3.99%	Below3.00%
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	3	1.5or less	1.51to 2.00	2.01 to 2.50	2.51 to 3.00	More than 3.00
2	Debt to Assets (Times)	QN	3	0.60or less	0.61 to 1.00	1.01 to 1.40	1.41 to 1.80	More than 1.80
3	Current Ratio (Times)	QN	2	2.0 or more	1.75 to 1.99	1.5 to 1.74	1.25 to1.49	Below 1.25
	iii. Transactions with Govt.							
1	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Fees, Fine and Charges Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
4	Debt Service Liabilities Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 4 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measuremen	Weight for sub-	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating profit	QN	2	Tk. (99.29) mil	Under-performing	0	AFS
2	Profit before Tax	QN	2	Tk. 364.76 million	Excellent	4	AFS
3	Return on Assets (%)	QN	2	1.58	Good	2	AFS
4	Return on Sales (%)	QN	2	9.40%	Fair	1	AFS
5	Return on Equity (%)	QN	2	6.53%	Very Good	3	AFS
6	Net Worth Growth (%)	QN	2	6.77%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	23.37%	Under Performing	0	Annexure 1 SL 28 & 29
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	3	3.14	Under-performing	0	AFS
2	Debt to Assets (Times)	QN	3	0.76	Very Good	3	AFS
3	Current Ratio (Times)	QN	2	1.09	Under-performing	0	AFS
	iii. Transactions with Govt.						
1	Dividend Paid	QN	2	0%	Under-performing	0	Annexure 1 SL 30 & 31
2	Taxes Paid	QN	2	100%	Excellent	4	Annexure 1 SL 32 & 33
3	Fees, Fine & Charges Paid	QN	2	100%	Excellent	4	Annexure 1 SL 36 & 37
3	Debt Service Liabilities Paid	QN	2	0%	Under-performing	0	
		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	83%	Very Good	3	Note-7
2	Board Practices	QL	5	76%	Good	2	Note-8
3	Transparency and Disclosure	QL	5	81%	Very Good	3	Note-9
4	Control Environment and Process.	QL	5	75%	Good	2	Note-10
	Sub-total		20				
	Grand Total (A+B+C+D):		100				

* Standard for Financial and Non-Financial indicators are set on the of IPE process.

Note-7: The Bangladesh Forest Industries Development Corporation (BFIDC) operates under its own act, own governing Acts. Complementing this, the corporation follows detailed internal rules and regulations as well as employee service rules, which govern operational procedures and staff conduct.

BFIDC also emphasizes public accountability through its Citizen Charter. Additionally, the entity has a Corporate Secretary for its board.

Note-8: The board of directors consists of four members, including the chairman, all of whom are government-nominated. The Board operates under its Term of Reference (TOR). In FY 2023-24, the board convened 19 (nineteen) meetings, resulting in the implementation of 226 (two hundred twenty-six) board decisions. BFIDC has an audit committee, and its governing act does not provide for the appointment of independent directors to the board.

Note-9: The entity maintains transparency by publishing various key documents and information on its website, including its governing acts, rules, operational updates, rubber pricing, financial and audited statements, board and senior management profiles, citizen charter, and code of conduct etc.

Note-10: To control the environment and process, BFIDC has implemented the following measures:

i. An Internal Audit Department is tasked with establishing and maintaining internal controls across departments and reports directly to the Chairman.
ii. The board holds the authority to address emergency situations as they arise.
iii. Compliance with government safety instructions ensures a secure working environment across all operational units.

5. IPE Process

i. Performances of non-financial indicators of Bangladesh Forest Industries Development Corporation (BFIDC) has been evaluated using information and documents of the inception report provided by BFIDC.

ii. Actual performance scores 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 BFIDC 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, BFIDC'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

Name of SOE/AB: Bangladesh Forest Industries Development Corporation (BFIDC)
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	4	0.16
	2c. Other Growth		4	4	0.16
3	Public Policy Implementation		4	4	0.16
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
		Sub Total	**25**		**0.91**
B	**Operational Efficiency:**	25			
1	Product Delivery: Product benefits and Accessibility		4	3	0.12
2	Labor Productivity: Added Value Per Employee		3	3	0.09
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	3	0.09
	3b. Added Value per TK Value of PPE		3	4	0.12
5	Production:				
	4a. Input use Efficiency		3	4	0.12
	4b. Inventory Turnover		3	2	0.06
	4c. Asset Turnover		3	4	0.12
	4d. Capacity Utilization		3	4	0.12
		Sub Total	**25**		**0.84**

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	0	0.00
2	Profit before tax		2	4	0.08
3	Return on assets		2	2	0.04
4	Return on Sales		2	1	0.02
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		3	0	0.00
2	Debt to assets		3	3	0.09
3	Current ratio		2	0	0.00
	iii. Transactions with Government:				
1	Dividend paid		2	0	0.00
2	Taxes paid		2	4	0.08
3	Fees, Fine & Charges		2	4	0.08
4	Debt Service Liabilities Paid		2	0	0.00
		Sub Total	**30**		**0.53**

Serial No	**Name of Indices, Indicators and Sub-indicators**	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	**Corporate Governance Practices:**	20			
1	Commitment to Corporate Governance: • Code of Conduct • Ethics • Key policies of Board • Board structure • Employee's service rules/ regulations • Appointment of Board Secretary		5	3	0.15
2	Board Practices: • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented		5	2	0.10
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	3	0.15
4	Control Environment and Process: • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises		5	2	0.10
	Sub Total		**20**		**0.50**
	Grand Total (A+B+C+D)	**100**	**100**		**2.78**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Bangladesh Forest Industries Development Corporation (BFIDC) Scored 2.78 out of 4.00 in the year 2023-24.

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

- Input use Efficiency
- Net Income Growth
- Sales Growth
- Capacity Utilization
- Implementation of Public Policy
- Other Growth
- Net Worth Growth
- Assets Turnover

The performance of BFIDC is graded "Very good" in the following areas:

- Corporate Governance
- Social Contribution
- Debt to Assets
- Capital Productivity
- Return on Equity
- Transparency & Disclosure
- Labor Productivity
- Entity Strategic Plan
- Product Delivery

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

- Inventory Turnover
- Board Practices
- Control Environment & Process
- Return on Assets

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

- Return on Sales

The performance of BFIDC is graded "Underperforming" in the following areas:

- Debt Equity Ratio
- Current ratio
- Capital Budget Utilization

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

i. BFIDC has incurred an operating loss of Tk. 99.29 million.
ii. The entity earned net Profit (after tax) of Tk. 244.16 million.
iii. Entity Debt Equity Ratio (times) 3.14 indicates high leverage that poses a fiscal risk to GOB.
iv. BFIDC Capacity utilization (based on targets) was 99.41%, which indicates that it is within the optimum level.
v. BFIDC Current Ratio (times) 1.09 which indicates entity is not in a well position to meet its current liabilities in due period.
vi. BFIDC Paid Taxes Tk. 120.59 million and Fees, Fine and Charges Tk. 574.47 million to GOB.
vii. BFIDC did not pay Dividend and DSL to the government.

8. Findings from the Audited Financial Statements 2023-24

In BFIDC Audit Report 2023-24 the following anomalies are found:

a) BFIDC did not maintain the Deferred Tax account in their financial statement.
b) Golden Handshake accounts of Tk. 364.97 million show more or less same amount under non-current assets as well as non-current liabilities and all those accounts are unadjusted for a long time.
c) Fourteen (14) accounts under Current Assets and three (3) accounts under Non- Current Assets are carried forward with the same amount for a long time. The auditor had no comment on these pending accounts.
d) Government Loan (ADP) of Tk. 533.75 million and Interest Payable on ADP loan Tk. 786.13 million shows under Non-Current Liabilities with same amount for a long period.
e) Nine (9) accounts under Other Non- Current Liabilities show same amount of TK.74.56 million for long period without adjustment.
f) Thirteen (13) accounts under other Current Assets show same amount for a long period without adjustment.

09. Recommendation for Performance Based Incentives

Bangladesh Forest Industries Development Corporation has obtained a weighted average score of 2.78 out of a scale 4.00 and is graded ‘Good’. Therefore, IPEC recommended non-financial incentive for the employees of BFIDC. Also, a certificate from Finance Division may be awarded to BFIDC for being graded ‘Good’ in IPE for the FY 2023-24.

10. Recommendation for Improvements:

To improve the performance of BFIDC, the following recommendations are proposed based on the findings of IPE:

i. BFIDC should develop a plan to upgrade and adopt modern technologies for rubber processing and storage within its timeframe.
ii. The entity should initiate the automation of its furniture units to produce smart, aesthetically designed, and high-quality furniture for customers.
iii. High-yielding rubber clones should be procured to increase latex production, reduce costs and improve productivity.
iv. BFIDC should diversify the use of rubber plantation areas to generate additional income streams for the corporation.
v. The entity should develop a comprehensive business plan to increase its rubber exports.
vi. Training programs should be introduced to enhance the skills and efficiency of the workforce for better and modern operations.
vii. Required number of Board Committees should be formed to strengthen internal controls and compliance.
viii. BFIDC should take initiative to include an Independent Director on its board to enhance transparency, objectivity, and accountability in the Board's decision-making processes.
ix. Financial statements should be prepared in accordance with the applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to improve financial discipline, transparency, and reporting.
x. BFIDC should prepare dividend policy to pay dividend to the Government of Bangladesh (GOB) from the profits earned by its operational units.
xi. The entity should maintain an up-to-date asset register with costs or fair values and implement accounting software for accurate and transparent financial reporting.
xii. BFIDC is advised to prepare Consolidated Financial Statements in accordance with IFRS-10 for its subsidiary entities.
xiii. The Ministry of Environment, Forest & Climate Change may issue a circular directing government departments, SOEs, and autonomous bodies to procure required furniture from BFIDC, thereby supporting the financial sustainability of its furniture units.
xiv. The entity should take proper steps to adjust all of its long-term pending unadjusted accounts for fair and correct position of its financial statements.
xv. The entity should take appropriate measures to settle all long-term outstanding unadjusted accounts to ensure a fair and accurate presentation of its financial statements.
xvi. 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.

12. Conclusion:

Based on the Audited Financial Statements, data, and relevant documents of Bangladesh Forest Industries Development Corporation, the Independent Performance Evaluation (IPE) report has been prepared for FY 2023–24. The report indicates that both the financial and non-financial performance of BFIDC have improved compared to FY 2022–23. To further enhance overall performance, the corporation should strengthen its operating efficiency by adopting modern technology in rubber production and introducing automation in the furniture sector. Additionally, expanding rubber plantation areas with high-yielding rubber clones would help increase latex production. Furthermore, the entity should ensure compliance with relevant International Accounting Standards and International Financial Reporting Standards to address the financial irregularities identified in the FY 2023–24 audit report.

Annexure 1

Bangladesh Forest Industries Development Corporation (BFIDC)

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		
	• Work-in-Progress (WIP)		
	• Others (including spare parts)	55,666,815	36,430,298
	• Finished goods	477,577,712	668,869,367
	ii. Receivable:		
	• Trade		
	• Others	7,670,922,209	7,447,527,352
	iii. Cash and Cash Equivalent	1,057,136,016	958,751,545
	iv. Others Current Assets	1,147,853,711	965,992,722
2	Total Current Assets (i+ii+iii+iv)	10,409,156,459	10,077,571,284
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	906,951,157	757,762,169
	• Investments	3,107,950,476	2,754,538,450
	• Other non-current assets	1,053,415,048	1,041,466,328
4	Total Assets (2+3)	15,477,473,140	14,631,338,231
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	7,773,218,265	7,344,037,423
	ii. Other Current Liabilities	1,819,953,714	1,639,981,615
6	Total Current Liabilities (i+ii)	9,593,171,979	8,984,019,038
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	1,319,885,363	1,319,885,363
	ii. Other Non-Current Liabilities	826,769,560	826,769,560
8	Total Non-Current Liabilities (i+ii)	2,146,654,923	2,146,654,923
9	Total Liabilities (6+8)	11,739,826,902	11,130,673,961
10	Equity:		
	i. Share Capital	77,248,000	77,248,000
	ii. Capital Reserve & Surplus	3,427,431	3,427,431
	iii. Capital Fund	284,270	284,270
	iv. Equity Loan &Loan into Capital	1,428,000	1,428,000
	v. Retained Earnings/(Loss)	3,655,258,536	3,418,276,569
11	Total Equity (i+ii+iii + iv + v)	3,737,646,237	3,500,664,270
12	Total Equity and Liabilities (9+11)	15,477,473,140	14,631,338,231

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2023-24		2022-23	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue/Receipts	2,598,406,512	100.00%	1,469,750,225	100%
14	Less: Cost of Sales/Services	1,902,740,174	73.23%	1,089,299,178	74.11%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	695,666,338	26.77%	380,451,047	25.89%
16	Less: Operating Expenses:				
	i. Administrative Expenses	791,655,726	30.47%	687,227,669	46.76%
	ii. Marketing Expenses	3,300,025	0.13%	3,739,188	0.25%
17	Total Operating Expenses (i+ii)	794,955,751	30.59%	690,966,857	47.01%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	(99,289,413)	(3.82)%	(310,515,810)	(21.12%)
19	Add: Non-Operating Income	481,969,268		567,790,925	
20	Less: Financial Expenses	73,245			
21	Less: Other Non-Operating Expenses				
22	Less: Provision for WPPF	17,850,781		8,721,136	
23	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19-20-21-22)	364,755,829		248,553,979	
24	Less: Provision for Tax				
	i. Current tax	120,593,129		68,352,344	
	ii. Deferred tax				
25	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	244,162,701		180,201,635	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
26	Credit Sales		
27	Credit Purchases		
28	Capital Budget Allocation	421,600,000	198,425,000
29	Actual Capital Expenditure	98,528,000	86,100,000
30	Dividend Payable		
31	Dividend Paid		
32	Taxes Payable	120,593,000	68,352,000
33	Taxes Paid	120,593,000	68,352,000
34	Debt Service Liabilities (DSL) Payable		
35	Debt Service Liabilities (DSL) Paid		
36	Fees, Fine and Charges Payable	574,468,000	305,766,000
37	Fees, Fine and Charges Paid	574,468,000	305,766,000
38	New Government Investment:		
	• Equity		
	• Debts/Loan		
39	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants		
	• Subsidies		
	• Other Transfer (Specify)		
40	Operating Cash Surplus/(Deficit)	546,059,082	(93,959,005)
41	Added Value	695,666,338	380,451,047
42	Employees cost includes wages, salaries, bonus, provident fund contribution and other allowances		
43	Capacity Utilization (%)	99.41%	109%
44	Input use Efficiency (%)	25%	25%
45	Number of Employees (Nos.)	4,135	4,575
46	Performance score achieved on APA		91.26%