Independent Performance Evaluation (IPE) Report
on
Bangladesh Shipping Corporation (BSC)
For 2023-24

Table of contents

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.

The Bangladesh Shipping Corporation (BSC) has been evaluated for 3 (three) consecutive years and is among the 30 selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for Independent Performance Evaluation (IPE) for FY 2023-24. According to the evaluation results, BSC achieved a weighted average score of 3.13 out of 4.00, earning a "Very Good" grade.

1. Introduction

The Bangladesh Shipping Corporation (BSC) was established under President's Order (PO) No. 10 on February 5, 1972. Subsequently, the Bangladesh Shipping Corporation Act, 2017, was enacted on March 21, 2017. Under this Act, the authorized capital of BSC was increased to Taka 10,000,000,000 (one thousand crore), divided into 1,000,000,000 ordinary shares valued at Taka 10 each. BSC was listed on the Dhaka Stock Exchange in 1977 and Chittgong Stock Exchange in 1995. As of June 30, 2024, BSC's paid-up capital stood at Taka 1,525,350,400, with 52.10% owned by the Government of Bangladesh (GOB) and 47.90% held by the public. During the fiscal year 2022-23, BSC operated 7 (seven) ships. It is the only national flag carrier of Bangladesh on international sea routes.

BSC plays a vital role in transporting Bangladesh's imported consignments. The shipping industry is a cornerstone of global import and export trade, accounting for approximately 90% of world trade. With the continuous growth in global trade activities, the demand for shipping services has been steadily increasing. To meet this demand, BSC is expanding its operations by deploying more ships on international routes. The Ministry of Shipping oversees BSC's activities. A summary of its operational highlights is presented below:

Table 1: Key Operational Activities

SL No	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Crude Oil	Million MT	1.65	1.08	1.37
2.	Fertilizer	Million MT	2.67	2.04	2.24
3.	Bulk Products	Million MT	0.68	0.37	0.54
4.	Refined Products	Million MT	0.54	0.75	0.63

Source: BSC

Bangladesh Shipping Corporation (BSC), experienced mixed but gradually improving operational performance over the last three fiscal years. Transportation of crude oil declined sharply from 1.65 million MT in FY 2021–22 to 1.08 million MT in FY 2022–23, reflecting reduced shipping activity or operational constraints, but recovered to 1.37 million MT in FY 2023–24, indicating partial restoration of capacity. Fertilizer transportation followed a similar pattern, decreasing from 2.67 million MT to 2.04 million MT in FY 2022–23 before rising to 2.24 million MT in FY 2023–24, suggesting improved fleet utilization and renewed demand. Bulk product handling fell significantly in FY 2022–23, dropping from 0.68 million MT to 0.37 million MT, but rebounded to 0.54 million MT in FY 2023–24, reflecting recovery in bulk cargo operations. In contrast, refined product transportation increased notably from 0.54 million MT in FY 2021–22 to 0.75 million MT in FY 2022–23, before declining to 0.63 million MT in FY 2023–24, though remaining above the FY 2021–22 level. Overall, FY 2022–23 appears to have been a comparatively weaker year for BSC operations, while FY 2023–24 shows a recovery trend across most cargo categories, indicating gradual improvement in operational performance and capacity utilization.

2. Role and Functions

Bangladesh Shipping Corporation (BSC) mainly performs the following functions:

i. Transporting all kinds of imported goods.
ii. Developing skilled manpower in the maritime sector.
iii. Offering all kinds of ship repair services through its marine workshop.

3. Core Business

i. The entity transports imported food grains and fertilizers from abroad to ensure food security.
ii. BSC handles the import of fuel and provides lighterage services, contributing to the country's energy security.

4. Evaluation Parameters

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

Table 2(a): Standard of Indices A FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Entity Strategy**							
	Entity Strategic Plan	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	10.00% or more	9.00% to 9.99%	8.00% to 9.99%	7.00% to7.99%	Below 7.00%
	2b. Service Revenue Growth	QN	4	15.00% or more	14.00% to14.99%	13.00% to13.99%	12.00% to12.99%	Below 12.00%
	2c. Other Growth	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy:** Implement activities to achieve policy goal	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (b): Achievement of Indices A

Serial No.	**Indicators & Sub-Indicators**	**Types of Measurement**	**Weight for sub-indicators**	**Actual Performance**	**Achievement**		**Basis of Performance Measuring**
					Grade	**Score**	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	5	88.00%	Very Good	3	Note-1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	4	1.38%	Under Performing	0	AFS
	2b. Service Revenue Growth	QN	4	(5.37%)	Under Performing	0	AFS
	2c. Other Growth	QL	4	89.00%	Very Good	3	Note-2
3	**Effective Implementation of Public Policy:** Implement activities to achieve policy goal	QL	4	90.00%	Very Good	3	Note-3
4	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	4	87.00%	Very Good	3	Note-4
	Sub-Total		25				

Note-1: Aligned with the National Plan, the Sustainable Development Goals (SDGs), and the Blue Economy Policy, and in consideration of BSC's future maritime trade demand, Bangladesh Shipping Corporation (BSC) has undertaken a series of ship acquisition initiatives to modernize and expand its existing fleet. As part of maritime infrastructure development, these plans include the acquisition of vessels of various types and sizes, along with the replacement of aging ships, with the objective of enhancing the country's export–import carrying capacity in the public sector. In the short term, BSC intends to acquire two crude oil mother tankers, two mother bulk carriers, and two mother product oil tankers (for diesel transportation) to strengthen its presence on international sea routes, supporting SDG 9 (Industry, Innovation and Infrastructure) and SDG 8 (Decent Work and Economic Growth). In the long term, the planned procurement of cellular container vessels, chemical/product oil tankers, LNG carriers, and bulk carriers will contribute to SDG 13 (Climate Action) through more efficient and modern shipping, SDG 14 (Life Below Water) by promoting sustainable maritime operations, and SDG 17 (Partnerships for the Goals) by strengthening Bangladesh's role in global maritime trade under the Blue Economy framework.

Note-2: BSC has implemented the following measures to enhance its operational activities:

I. Introduction of a Smart Asset Management System.
II. Marine Traffic System.
III. Adoption of Windy Premium Software.
IV. Implemented Cloud Fleet Management (CFM) system.
V. IP based CC Camera.
VI. BSC's own job portal
VII. Developed Daily Vessel Movement position information.

Note-3: As a state-owned shipping company, BSC is legally obligated to transport government-funded sea-borne imported goods from abroad at the expense of public funds, in accordance with Section 3(2) of the Bangladesh Flag Vessels (Protection) Act, 2019.

Note-4: BSC has undertaken the following social and environmental initiatives:

i. BSC complies with the International Maritime Organization (IMO) regulations under MARPOL to prevent and control air pollution from ships.
ii. The corporation adheres to global decarbonization rules and regulations in shipping, directing its operations toward zero-carbon shipping to reduce emissions.
iii. BSC follows the International Safety Management (ISM) Code to ensure the safety of ships, cargo, and operational premises.
iv. Under its CSR program, Bangladesh Shipping Corporation provided financial assistance of Tk 2.88 million to outsourcing and daily wage workers on the occasion of its AGM in FY 2023–24.
v. BSC operates a Day Care Center for the children of its employees.

vi. During FY 2023–24, BSC donated Tk 0.905 million to various organizations as charity and donations.

vii. The corporation disbursed Tk 44.11 million to its employees under the Workers' Profit Participation Fund (WPPF).

viii. BSC also provided internship training to 5 (five) students from the University of Chattogram.

Indices: B. Operational Efficiency

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

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	**Service Delivery**							
	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. 10.00 mil or more	Tk. 8.00 to 9.99 mil	Tk. 6.00 to 7.99 mil	Tk. 4.00 to 5.99 mil	Below Tk. 4.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.12 or more	Tk. 0.10 to Tk. 0.11	Tk. 0.08 to Tk. 0.09	Tk. 0.06 to Tk. 0.07	Below Tk. 0.06
	3b. Added Value per Tk. Value of PPE	QN	4	Tk. 0.20 or more	Tk. 0.18 to Tk. 0.19	Tk. 0.16 to Tk. 0.17	Tk. 0.14 to T k. 0.15	Below Tk. 0.14
4	**Production**							
	4a. Asset Turnover (Times)	QN	4	0.12 or more	0.11 to0.119	0.10 to 0.109	0.09 to 0.099	Below .09
	4b. Capacity Utilization (%)	QN	4	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		Basis of Performance Measuring
					Grade	Score	
1	**Service Delivery**						
	Service Benefit & Accessibility	QL	5	91.00%	Excellent	4	Note-5
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	4	Tk.7.54 mil	Good	2	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.10	Very Good	3	AFS
	3b. Added Value per Tk. Value of PPE	QN	4	Tk. 0.25	Excellent	4	AFS
4	**Production**						
	4a. Asset Turnover (Times)	QN	4	0.13	Excellent	4	AFS
	4b. Capacity Utilization (%)	QN	4	98.08%	Excellent	4	Annexure 1 SL 42
	Sub-total		25				

Note-5: The entity has implemented the following facilities for stakeholders:

i. BSC has regularly published its Price Sensitive Information (PSI) on its web side.
ii. The entity has uploaded daily Vessel Movement to its web side.
iii. BSC has introduced an online NOC issuance service to streamline the process for private ship owners seeking approval to carry government cargo/goods.
iv. The entity has uploaded investment details in its web side

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.2,500 milor more	Tk.2,000 to Tk.2,499 mil	Tk.1,500 to Tk.1, 999 mil	Tk. 1,000 to Tk1,499 mil	Below Tk. 1,000 mil
2	Profit before Tax	QN	2	Tk. 3,000 milor more	Tk.2,500 to Tk. 2,999 mil	Tk.2,000 to Tk.2,499 mil	Tk.1,500 to Tk.1,999 mil	Below Tk. 1,500 mil
3	Return on Assets (%)	QN	2	3.50% or more	3.00% to 3.49%	2.50% or to 2.99%	2.50% to2.49%	Below 2.0%
4	Return on Service Revenue (%)	QN	2	25% or more	23% to 24%	21% to 22%	19% to 20%	Below 19%
5	Return on Equity (%)	QN	2	12% or more	10% to11%	8% to9%	6% to7%	Below 6%
6	Net Worth Growth (%)	QN	2	10% or more	9.00% to 9.99%	8.00% to 8.99%	7.00% to7.99%	Below 7.00%
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	1.5or less	1.51 to 2.0	2.01 to 2.50	2.51 to 3.00	More than 3.0
2	Debt to Assets (Times)	QN	2	0.60or less	0.61 to 1.00	1.01 to 1.40	1.41 to 1.80	More than 1.80
3	Debt Coverage Ratio (Times)	QN	2	2.0 or more	1.75 to1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.0 or more	1.75 to1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5	Accounts Receivable Period (Days)	QN	2	30 or less	31 to 40	41 to 50	51 to 60	more than 60
	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	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. 2,505.24 million	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 2,845.86 million	Very Good	3	AFS
3	Return on Assets (%)	QN	2	6.55%	Excellent	4	AFS
4	Return on Sales (%)	QN	2	51.19%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	16.05%	Excellent	4	AFS
6	Net Worth Growth (%)	QN	2	17.65%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	12.74%	Under Performing	0	Annexure 1 SL 27 & 28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	1.45	Excellent	4	AFS
2	Debt to Assets (Times)	QN	2	0.59	Excellent	4	AFS
3	Debt Coverage Ratio (Times)	QN	2	650.43	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	3.58	Excellent	4	AFS
5	Accounts Receivable Period	QN	2	51.51	Fair	1	AFS
	iii. Transactions with Govt.						
1	Dividend Paid	QN	2	100%	Excellent	4	Annexure 1 SL 29 & 30
2	Taxes Paid	QN	2	100%	Excellent	4	Annexure 1 SL 31 & 32
3	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	Annexure 1 SL 33 & 34
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5 (a): Standard of Indices D **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	**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	91%	Excellent	4	Note-6
2	Board Practices	QL	5	82%	Very Good	3	Note-7
3	Transparency and Disclosure	QL	5	95%	Excellent	4	Note-8
4	Control Environment and Process.	QL	5	81%	Very Good	3	Note-9
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

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

Note-6: The entity operates under its own act and adheres to various governance frameworks, including the Code of Conduct, the Ethics of Corporate Governance Code 2018, BSEC Rule 1987, key Board policies, IMO rules and regulations, Maritime Labour Convention (MLC) 2006, the International Safety Management (ISM) Code, BSC Share Rules 1999, and Employee Service Rules. BSC has a corporate secretary for the Board.

Note-7: In FY 2023-24, the BSC Board consisted of 10 members, though the entity's act allows for a maximum of 13 members. This includes one elected shareholder director and one independent nominated director. The Board followed its Terms of Reference (TOR) and established two committees: the Audit Committee and Nomination & Remuneration Committee (NRC). During FY 2023-24, the Board held 4(four) meetings, resulting in the implementation of 24 decisions.

Note-8: The names and biographies of BSC's Board of Directors and Senior Managers, along with the audited financial statements, Citizen Charter and Code of Conduct, are disclosed on BSC's website.

Note-9: BSC has implemented several measures to control the environment and process:

i. BSC has an Internal Audit Department that identifies irregularities, defalcations, and misappropriation of funds, reporting directly to the Managing Director.
ii. The entity utilizes various software systems, including Tally, ERP, PMIS, its own job portal, E-nothi, E-tendering system, and V-Sat for computer-based management information.
iii. BSC has established a Crisis Management Team, led by the Managing Director, to address emergency situations.
iv. Safety measures on the premises include IP-based CCTV, firefighting equipment, and adherence to safety protocols.
v. The entity complies with the International Ship and Port Facility Security (ISPS) Code.
vi. The entity maintains a digital access control and attendance system.
vii. Provides emergency medical services for staff.

5. IPE Process

i. Performances of non-financial indicators of Bangladesh Shipping Corporation (BSC) has been evaluated using information and documents of the inception report provided by BSC.
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 BSC 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, BSC'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

Bangladesh Shipping Corporation (BSC)
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	0	0.00
	2b. Service Revenue Growth		4	0	0.00
	2c. Other Growth		4	3	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		4	3	0.12
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
	Sub Total		**25**		**0.51**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	4	0.20
2	Labor Productivity: 2a. Added Value Per Employee		4	2	0.08
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	3	0.12
	3b. Added Value Per TK Value of PPE		4	4	0.16
4	Production:				
	4a. Asset Turnover		4	4	0.16
	4b. Capacity Utilization		4	4	0.16
	Sub Total		**25**		**0.88**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	**Financial:**	30			
	i. Financial Performance:				
1	Operating profit		2	4	0.08
2	Profit before tax		2	3	0.06
3	Return on assets		2	4	0.08
4	Return on Service Revenue		2	4	0.08
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	4	0.08
2	Debt to assets		2	4	0.08
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	4	0.08
5	Accounts receivable period		2	1	0.02
	iii. Transactions with Government:				
1	Dividend paid		2	4	0.08
2	Taxes paid		2	4	0.08
3	Debt Service Liabilities Paid		2	4	0.08
	Sub Total		**30**		**1.04**

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	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	3	0.15
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	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
5	Performance against the key Indicators of APA: • Total Performance score achieved on APA				
	Sub Total		**20**		**0.70**
	Grand Total (A+B+C+D)	**100**	**100**		**3.13**

7. Interpretation of Results:

As per Independent Performance Evaluation (IPE) Bangladesh Shipping Corporation (BSC) Scored 3.13 out of 4.00 in the year 2023-24

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

i. Capacity Utilization
ii. Assets Turnover
iii. Return on Service Revenue
iv. Debt Coverage Ratio
v. Current Ratio
vi. Return on Assets
vii. Return on Equity
viii. Net Worth Growth
ix. Service Delivery
x. Debt Equity Ratio
xi. Debt to Assets
xii. Corporate Governance
xiii. Transparency & Disclosure

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

i. Control Environment and Process
ii. Implementation of public policy
iii. Social Contribution
iv. Capital Productivity
v. Board Practice
vi. Entity Strategic Plan
vii. Others Growth

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

i. Labor Productivity

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

i. Accounts receivable Period

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

i. Net Income Growth
ii. Capital budget utilization
iii. Service Revenue Growth

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

- BSC has earned operating profit of Tk.2,505.24 million;
- The entity has earned net profit (after tax) of Tk. 2,496.90 million;
- BSC Current Ratio (Times) 3.58 which indicates BSC is well position to meet its current liabilities. However, the excess liquidity fund may be invested for short period;
- BSC Paid Taxes Tk. 126.81 million, DSL Tk. 7.29 million;
- BSC paid Tk. 198.66 million as dividend to government and other shareholders.

8. Findings from the Audit Report 2023-24

In the BSC Audit Report 2023-24, the following findings are given below:

a) Property, Plant and Equipment represent about 42% of total assets of corporation. According to IAS-36 Impairment of Assets a company should perform the impairment test at the end of each accounting period and sufficient disclosure is needed in audit report to show the major indications of impairments adjustment used to revalue the recoverable amount and any other elements considered for the impairment test. However, disclosures and clarifications are not found in the BSC audit report 2023-24 for such impairment test.

b) In the report BSC charged Tk. 121.75 million as provision for bad debt for FY 2023-24 which seems inadequate bad debt provision. Because of as on 30/06/2024 Accounts Receivable (Trade) stand Tk. 688.31 million out of that overdue over 2(Two) years is TK266.19 million. So, considering the aging period more bad debt provision should be kept as per IFRS-9.

C) Other Receivable includes Agents Control Account of TK319.50 million that have been carried forward since 2006-07. So, it indicates doubtful recovery. In FY2023-24 corporation made bad debts provision @5% which is not adequate for recovery of loss,

d) BSC used a cash basis of accounting for interest income of Tk. 972.07 million that deviated from accrual basis required by IAS-1.

9. Recommendation for Performance Based Incentives

Bangladesh Shipping Corporation has obtained a weighted score of 3.13 out of a scale 4.00 and is graded “Very Good”. Therefore, IPEC recommended non-financial incentive for the employees of BSC. Also, a certificate from Finance Division may be awarded to BSC for being graded “Very Good” in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To enhance the performance of Bangladesh Shipping Corporation (BSC), the following recommendations are proposed based on the findings of the Independent Performance Evaluation (IPE):

a) The entity should take appropriate measures to utilize its full operational capacity and reduce operating costs.

b) BSC should take initiatives to procure crude oil mother tankers in accordance with its procurement plan to ensure uninterrupted energy supply and strengthen the country's energy security.

c) The entity should prioritize the procurement of mother bulk carriers to help ensure national food security.

d) BSC should proceed with the acquisition of ships as outlined in the Ships Acquisition Plan to expand its shipping services on international sea routes.

e) The entity should arrange on-the-job training for newly recruited Nautical and Engineering Cadets to develop skilled manpower for the maritime sector.

f) BSC's marine workshop should be upgraded and automated to enable the efficient and timely provision of comprehensive shipping services.

g) BSC's financial statements should be prepared in compliance with applicable IAS and IFRS to enhance financial discipline, disclosure, and reporting quality.

h) Auditor's observations relating to impairment testing and revenue recognition should be duly addressed and reflected in the financial statements.

i) The entity should calculate provisions for bad debts in accordance with IFRS 9 to ensure fair presentation of its financial statements.

j) BSC should include an ageing schedule of accounts payable in its financial statements to improve transparency regarding outstanding liabilities.

11. Conclusion

Based on the audited financial statements, data, and supporting documents of Bangladesh Shipping Corporation (BSC), the Independent Performance Evaluation (IPE) report for FY 2023–24 has been prepared. The report finds that BSC's financial and non-financial performance remained at a moderate level compared to the previous fiscal year. To improve its overall performance, BSC should increase the size of its existing fleet by procuring additional ships in line with its approved plans and programs, thereby expanding shipping services on international sea routes. The entity should also ensure compliance with relevant IAS/IFRS and address the financial irregularities highlighted in the BSC Audit Report 2023–24.

Annexure 1

Bangladesh Shipping Corporation (BSC)

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	48,788,756	42,790,682
	• Accessories/ Supplies	494,690	710,621
	• Others (including spare parts)	82,303,068	28,602,185
	ii. Receivable:		
	• Trade	688,305,249	373,273,257
	• Others	924,431,276	912,121,384
	iii. Short Term Investments	18,007,496,844	14,519,280,851
	iv. Cash and Cash Equivalent	1,795,763,160	1,685,521,512
	v. Others Current Assets	734,553,804	532,752,243
2	Total Current Assets (i+ii+iii+iv)	22,282,136,847	18,095,052,735
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	15,833,158,193	16,159,341,907
	•Capital Work in Progress		
	• Other non-current assets		
4	Total Assets (2+3)	38,115,295,041	34,254,394,642
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	2,287,235,411	1,613,680,470
	ii. Other Current Liabilities	3,941,631,166	2,956,862,334
6	Total Current Liabilities (i+ii)	6,228,866,577	4,570,542,804
7	Non-Current Liabilities:		
	i. Long Term Loans	15,552,391,839	15,661,714,515
	ii. Deferred Liabilities	7,791,341	14,834,261
	iii. Deferred Tax Liabilities	772,570,986	786,943,713
8	Total Non-Current Liabilities (i+ii+iii)	16,332,754,166	16,463,492,489
9	Total Liabilities (6+8)	22,561,620,743	21,034,035,292
10	Equity:		
	i. Share Capital	1,525,350,400	1,525,350,400
	ii. Share Premium	4,647,680,000	4,647,680,000
	iii. Capital Reserve	233,560,425	130,360,425
	iv. Revaluation Reserve	4,076,100,142	4,076,100,142
	v. Retained Earnings/(Loss)	5,070,983,332	2,840,868,383
11	Total Equity (i+ii+iii+iv+v)	15,553,674,299	13,220,359,350
12	Total Equity and Liabilities (9+11)	38,115,295,042	34,254,394,642

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	4,877,433,389	100%	5,154,335,441	100%
14	Less: Cost of Sales/Services	1,896,145,085	38.88%	2,868,249,121	55.65%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	2,981,288,304	61.12%	2,286,086,320	44.35%
16	Less: Operating Expenses:				
	i. Administrative Expenses	476,044,241	9.76%	420,340,552	8.15%
	ii. Marketing Expenses	-			
17	Total Operating Expenses (i+ii)	476,044,241	9.76%	420,340,552	8.15%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	2,505,244,063	51.36%	1,865,745,768	36.20%
19	Add: Non-Operating Income	1,084,508,156		1,517,955,615	
20	Less: Financial Expenses	743,890,583		467,882,203	
21	Less: Other Non-Operating Expenses				
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19-20-21)	2,845,861,636		2,915,819,179	
23	Less: Provision for Tax				
	i. Current tax	363,333,814		448,852,272	
	ii. Deferred tax	(14,372,727)		4,051,254	
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	2,496,900,549		2,462,915,654	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	**2022-23**
25	Credit Sales	4,877,433,389	5,154,335,441
26	Credit Purchases		
27	Capital Budget Allocation	415,000,000	324,700,000
28	Actual Capital Expenditure	52,887,000	226,400,386
29	Dividend Payable	198,658,600	198,658,600
30	Dividend Paid	198,658,600	198,658,600
31	Taxes Payable	126,811,800	107,860,738
32	Taxes Paid	126,811,800	107,860,738
33	Debt Service Liabilities (DSL) Payable	7,289,351	7,595,483
34	Debt Service Liabilities (DSL) Paid	7,289,351	7,595,483
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)	4,741,186,604	3,449,949,436
40	Added Value	3,890,763,626	3,215,692,961
41	Employee’s cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	98.08%	98.82%
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	537	495
45	Performance score achieved on APA		94.71%