Independent Performance Evaluation (IPE) Report

on

Carew & Company (Bangladesh) Limited

For 2023-24

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Annexure

Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 20 (twenty) SOEs/ABs in total 30 (thirty) SOEs/ABs to conduct Independent Performance Evaluation for the FY 2023-24.

Carew & Company (Bangladesh Ltd) has been evaluated for 2(two) 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. Based on the evaluation results, Carew & Company achieved a weighted average score of 2.61 out of 4.00, earning a grade of "Good" for the fiscal year.

1. Introduction:

Carew and Company (Bangladesh Ltd) has been established in the year 1938 and incorporated with the Registrar of joint stock companies in 1962. After the independence of Bangladesh, the company was declared an abandoned property. Under P.O 27 of 1972 the Government nationalized the Carew & Company (Bangladesh) Ltd. and transferred the Company to Bangladesh Sugar and Food Industries Corporation (BSFIC) for management and control.

The Company is engaged in the production and sale of sugar, spirits, liquor, industrial alcohol, pharmaceutical products, and agricultural products, including cane seed, dhanicha seed, mustard seed, and organic bio-fertilizer. The main objective of the company is to produce the quality sugar, diversification of by- products and expand marketing to add productivity in economic activities of the country. The Ministry of Industries has the oversight responsibility for Carew and Company (Bangladesh) Ltd. The key operational activities of the company are given below:

Key Operational Activities at a glance

	Particulars	**Unit**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
1.	Sugar Production	M. Ton	3,023.50	2,381.50	2,608
2.	Molasses Production	M. Ton	2,152.86	1,857.59	2,218
3.	Sprits & Liquor	Lac. Proof liter	53.79	59.67	48.40
4.	Bio- Fertilizer Production	M. Ton	1,590.00	1,652	2,000
5.	Sugar Recovery Rate	%	5.62	5.08	4.62

Source: Carew & Company (Bangladesh) Ltd, Annual Report 2022-23 & 2023-24

The year-on-year analysis of key operational activities of Carew & Co. (Bangladesh) Ltd during FY 2021–22 to FY 2023–24 shows mixed performance trends. Sugar production declined from 3,023.50 metric tons in FY 2021–22 to 2,381.50 metric tons in FY 2022–23, but slightly recovered to 2,608 metric tons in FY 2023–24. A similar pattern is observed in molasses production, which decreased from 2,152.86 metric tons to 1,857.59 metric tons in FY 2022–23 and then increased to 2,218 metric tons in FY 2023–24.

In contrast, sprits and liquor production increased from 53.79 lac proof liters in FY 2021–22 to 59.67 lac proof liters in FY 2022–23, before declining to 48.40 lac proof liters in FY 2023–24. Bio-fertilizer production demonstrated steady growth over the period, rising from 1,590 metric tons in FY 2021–22 to 1,652 metric tons in FY 2022–23 and further to 2,000 metric tons in FY 2023–24. However, the sugar recovery rate showed a continuous decline from 5.62% in FY 2021–22 to 5.08% in FY 2022–23 and 4.62% in FY 2023–24, indicating reduced efficiency in sugar extraction.

Overall, the data reflects declining efficiency in sugar production with slight recovery in output, moderate growth in by-product production, and fluctuations in liquor production, suggesting operational challenges as well as partial improvements in certain segments.

2. Role & Functions:

Carew & Company (Bangladesh) Ltd. performs the following functions:

i. Cultivation of high-yield sugarcane verities.
ii. Enhancement of sugar production.
iii. Promotion of good governance and implementation of reform programs.
iv. Develop skilled workforce by providing training.
v. Strengthening institutional capacity and modernization of factory operations.

3. Core Business:

i. Employing modern technology in sugarcane cultivation.
ii. Enhancing the sugar recovery rate.
iii. Executing new projects to boost the production of sugar, distillery & Beverage and agro-based crops.

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	30.00% or more	25.00% to 29.99%	20.00% to24.99%	15.00% 19.99%	Below 15.00%
	2b. Sales Revenue Growth	QN	4	18.00% or more	14.00% to 17.99%	10.00% to 13.99%	6.00% to 9.99%	Below 6.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy** Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Efficiency of Project Implementation/ Project Goal Achievement:** • Percentage of estimated target achieved"	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2(b): Achievement of Indices A

Serial No.	**Indicators & Sub-Indicators**	**Types of Measurement**	**Weight for sub-indicators**	**Actual Performance**	**Achievement**		**Basis of Performance Measuring**
					Grade	**Score**	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	4	80.00%	Good	2	Note 1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	4	30.31 %	Excellent	4	AFS
	2b. Sales Revenue Growth	QN	4	10.33%	Good	2	AFS
	2c. Other Growth	QL	3	77.00%	Good	2	Note 2
3	**Effective Implementation of Public Policy**	QL	3	91.00%	Excellent	4	Note 3
4	**Efficiency of Project**	QN	4	89.66%	Very Good	3	Note 4
5	**Social Contribution**	QL	3	89.00%	Very Good	3	Note 5
		Sub-Total	25				

Note-1: Carew & Company (Bangladesh) Ltd. has undertaken a strategic initiatives focused on improving operational efficiency and ensuring long-term sustainability, with a target to achieve breakeven in its sugar unit by FY 2026–27. This effort includes modernization of the distillery unit through automation and installation of bottling facilities, upgrading the Anujiv Laboratory, installation of Effluent Treatment Plants (ETPs), and establishment of a foreign liquor sales center.

These initiatives are aligned with SDG 9 (Industry, Innovation and Infrastructure) through technological modernization and infrastructure development; SDG 12 (Responsible Consumption and Production) and SDG 6 (Clean Water and Sanitation) through the installation of ETPs and environmentally responsible operations; and SDG 8 (Decent Work and Economic Growth) by enhancing productivity and financial viability. The strategic direction is also consistent with the National Strategic Plan and Government Policy Directives outlined in the National Budget.

Note-2: To upgrade its production processes, the company has implemented the following measures:

i. 100% implementation of a BMR project to improve the efficiency and capacity of turbines, boilers, and milling plants, along with factory operations.
ii. Automation of distillery units.
iii. Introduction of bottling facilities for distillery products to enhance market reach.

Note-3: Carew & Company (Bangladesh) Ltd. demonstrates effective implementation of public policy through its focus on agricultural productivity, industrial modernization, and institutional development. By cultivating high-yield sugarcane, enhancing sugar recovery rates, and adopting modern technologies, the company supports SDG 2 (Zero Hunger) and SDG 9 (Industry, Innovation and Infrastructure). Its initiatives in workforce training and governance reforms contribute to SDG 8 (Decent Work and Economic Growth) and align with national strategies and national budget.

Note-4: Carew & Company (Bangladesh) Ltd achieved 88.33% of its financial target and 91% of its physical targets in project implementation during FY 2023-24. A comprehensive performance score was assigned based on this combined achievement.

Note-5: Carew & Company (Bangladesh) Ltd has undertaken significant social and environmental initiatives:

i. Established Effluent Treatment Plants (ETP) in 14 (fourteen) sugar mills to prevent environmental pollution.
ii. Operates a primary school, high school, madrasah, mosque, temple, and church as part of its CSR program.
iii. Maintains a hospital with comprehensive medical facilities for employees and local communities.
iv. Provides Provident Fund and Gratuity Fund benefits to employees.
v. The entity has a provision to allocate Tk. 56.04 million under the Workers' Profit Participation Fund (WPPF) for distribution among employees.

Indices: B. Operational Efficiency

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

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
		* Standard						
1	**Service Delivery**							
	Service Benefit & Accessibility	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	3	Tk.2.00 mil or more	Tk.1.75 to 1.99 mil	Tk. 1.50 to 1.74 mil	Tk.1.25 to 1.49 mil	Below Tk. 1.25 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.15 or more	Tk. 0.13 to 0.14	Tk. 0.11 to 0.12	Tk. 0.09 to 0.10	Below Tk. 0.09
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk.12.00 or more	Tk.10.00 to11.99	Tk. 8.00 to 9.99	Tk. 6.00 to 7.99	Below Tk. 6.00
4	**Production**							
	4a. Input Use Efficiency (%)	QN	3	7.00% or more	6.00% to 6.99%	5.00% to 5.99%	4.00% to 4.99%	Below 4.00%
	4b. Inventory Turnover (Times)	QN	3	5.50 or more	4.50 to 5.49	3.50 to 4.49	2.50 to 3.49	Below 2.50
	4c. Asset Turnover (Times)	QN	3	0.20 or more	0.18 to 0.19	0.16 to 0.17	0.14 to 0.15	Below 0.14
	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

	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	4	82.00%	Very Good	3	Note-6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	3	Tk. 2.38 mil	Excellent	4	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.13	Very Good	3	AFS
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk. 8.93	Good	2	AFS
4	**Production**						
	4a. Input Use Efficiency (%)	QN	3	4.62%	Fair	1	Annexure 1 SL 44
	4b. Inventory Turnover (Times)	QN	3	2.22	Under Performing	0	AFS
	4c. Assets Turnover (Times)	QN	3	0.20	Excellent	4	AFS
	4d. Capacity Utilization (%)	QN	3	Sugar 22.68% Distillery78.06%	Fair	1	Annexure 1 SL 43

Note-6: Carew & Company (Bangladesh) Ltd has implemented the following facilities for its stakeholders:

i. Published a gazette listing the names of sugarcane farmers to facilitate subsidy payments.
ii. Introduced mobile banking services for paying sugarcane prices directly to farmers.
iii. Packaged sugar in 1 kg and 2 kg sizes for customer convenience.
iv. Established bottling facilities for distillery products to enhance marketing.
v. Produced and marketed hand sanitizers.

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. 1000 mil or more	Tk. 900 to Tk. 999 mil	Tk. 800 to Tk. 899 mil	Tk. 700 to Tk. 799 mil	Below Tk. 700 mil
2	Profit before Tax	QN	2	Tk. 900 milor more	Tk.800 to Tk. 899 mil	Tk. 700 to Tk. 799 mil	Tk.600 to Tk. 699 mil	Below Tk. 600 million
3	Return on Assets (%)	QN	2	5.00% or more	4.00% to 4.99%	3.00% to 3.99%	2.00% to2.99%	Below 2.00%
4	Return on Sales (%)	QN	2	20.00% or more	18.00% to 19.99%	16.00 to 17.99%	14.00% to 15.99%	Below 14.00%
5	Return on Equity (%)	QN	2	25.00% or more	23.00 % to24.99%	21.00% to 22.99%	19.00% to 20.99%	Below 19.00%
6	Net Worth Growth (%)	QN	2	35.00% or more	30.00% to 34.99%	25.00% to 29.99%	20.00% to 24.99%	Below 20.00%
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	1.50 or less	1.51to 1.75	1.76 to 2.00	2.01 to 2.25	More than 2.25
2	Debt to Assets (Times)	QN	3	0.60 or less	0.61 to 1.00	1.10 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
4	Debt Coverage 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	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. 1,330.89 million	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 1,120.79 million	Excellent	4	AFS
3	Return on Assets (%)	QN	2	4.30%	Very Good	3	AFS
4	Return on Sales (%)	QN	2	21.36%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	29.70%	Excellent	4	AFS
6	Net Worth Growth (%)	QN	2	42.25%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	90.07%	Very Good	3	Annexure 1 SL 28 & 29
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	3	5.90	Under-Performing	0	AFS
2	Debt to Assets (Times)	QN	3	0.86	Very Good	3	AFS
3	Current Ratio (Times)	QN	2	5.18	Excellent	4	AFS
4	Debt Coverage Ratio (Times)	QN	2	1.93	Very Good	3	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	Debt Service Liabilities Paid	QN	2	0%	Under-performing	0	Annexure 1 SL 34 & 35
		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	81%	Very Good	3	Note-7
2	Board Practices	QL	5	79%	Good	2	Note-8
3	Transparency and Disclosure	QL	5	76%	Good	2	Note-9
4	Control Environment and Process.	QL	5	82%	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 of IPE process.

Note-7: Carew & Company (Bangladesh) Ltd operates under its own Memorandum and Articles of Association, adhering to the entity's rules and regulations, employee service rules, and citizen charter as part of its corporate governance framework. The company has a corporate secretary for its board.

Note-8: The Board of Directors consists of seven (7) members, including the ex-officio Managing Director, one director from the Ministry of Industries, four (4) directors from the Bangladesh Sugar and Food Industries Corporation, and one director from Janata Bank PLC. All board members are appointed by the government and operate under the Terms of Reference (TOR) of the board. During FY 2023-24, 5 (five) board meetings were held, resulting in the implementation of 32 (thirty -two) board decisions. The board does not have any committees.

Note-9: The entity publishes its Memorandum and Articles of Association, rules and regulations, biographies of Board Directors and Senior Managers, audited financial statements, citizen charter and other relevant information on its website for transparency.

Note-10: Carew & Company (Bangladesh) Ltd has implemented the following measures to enhance environmental and operational control:

i. Established an internal control system to detect irregularities, defalcations, and misappropriation of funds, reporting directly to the Managing Director.
ii. Installed fire extinguishers at factory and office buildings to ensure fire safety.
iii. Set up CCTV cameras to monitor security across the entire factory and office premises.
iv. Adheres to required safety regulations to maintain a safe working environment.

5. IPE Process

i. Performances of non-financial indicators of Carew & Company (Bangladesh) Ltd has been evaluated using information and documents of the inception report provided by the company.

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 Carew & Company (Bangladesh) Ltd 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, Carew & Company'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

Carew & Company (Bangladesh) Ltd
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	2	0.08
2	Growth Trajectory: 2a. Net Income Growth		4	4	0.16
	2b. Sales Growth		4	2	0.08
	2c. Other Growth		3	2	0.06
3	Effective Implementation of Public Policy Implement activities to achieve policy goal		3	4	0.12
4	Efficiency of project Implementation/ Project Goal Achievement: Percentage of estimated target achieved		4	3	0.12
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
		Sub Total	**25**		**0.71**
B	**Operational Efficiency:**	25			
1	Product Delivery: Product benefits and Accessibility		4	3	0.12
2	Labor Productivity: Added Value Per Employee		3	4	0.12
3	3a. Capital Productivity: Added Value Per TK Value of Assets		3	3	0.09
	3b Added Value Per TK Value of PPE		3	2	0.06
4	Production:				
	4a. Input use Efficiency		3	1	0.03
	4b. Inventory Turnover		3	0	0.00
	4c. Asset Turnover		3	4	0.12
	4d. Capacity Utilization		3	1	0.03
		Sub Total	**25**		**0.57**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	**Financial:**	30			
	i. Financial Performance:				
1	Operating profit		2	4	0.08
2	Profit before tax		2	4	0.08
3	Return on assets		2	3	0.06
4	Return on Sales		2	4	0.08
5	Return on equity		2	4	0.08
6	Net worth growth		2	4	0.08
7	Capital budget utilization		2	3	0.06
	ii. Financial Risk:				
1	Debt equity ratio		3	0	0.00
2	Debt to assets		3	3	0.09
3	Current ratio		2	4	0.08
4	Debt Coverage Ratio		2	3	0.06
	iii. Transactions with Government:				
1	Dividend paid		2	0	0.00
2	Taxes paid		2	4	0.08
3	Debt Service Liabilities Paid		2	0	0.00
		Sub Total	**30**		**0.83**

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	2	0.10
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**		**0.50**
	Grand Total (A+B+C+D)	**100**	**100**		**2.61**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Carew & Company (Bangladesh) Ltd Scored 2.61 out of 4.00 in the year 2023-24.

7. (A) The performance of Carew & Company (Bangladesh) Ltd Carew & Company (Bangladesh) Ltd is graded "Excellent" in the following areas:

- Net Income Growth.
- Assets Turnover.
- Return on Equity
- Current ratio
- Effective Implementation of Public Policy
- Net Worth Growth
- Labor Productivity
- Return on Sales

The performance of Carew & Company (Bangladesh) Ltd is graded "Very good" in the following areas:

- Service Delivery
- Control Environment & Process.
- Debt to Assets
- Capital Productivity
- Efficiency of project implementation.
- Social Contribution
- Return on Assets.
- Corporate Governance
- Capital Budget Utilization
- Debt Coverage Ratio

The performance of Carew & Company (Bangladesh) Ltd is graded "Good" in the following areas:

- Other Growth
- Entity Strategic Plan
- Transparency & Disclosure
- Board Practices
- Sales Revenue Growth

The performance of Carew & Company (Bangladesh) Ltd is graded "Fair" in the following area:

- Capacity Utilization
- Input use Efficiency

The performance of Carew & Company (Bangladesh) Ltd is graded "Underperforming" in the following areas:

- Debt Equity Ratio
- Inventory Turnover

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

i. Carew & Company (Bangladesh) Ltd has earned operating profit of Tk.1,330.89 million.
ii. The entity earned net Profit (after tax) of Tk. 840.59 million.
iii. Entity's Debt Equity Ratio (Times) 5.90 indicates high leverage that poses a fiscal risk to GOB.
iv. Carew & Company (Bangladesh) Ltd Current Ratio (Time) 5.18 which indicates entity is in a well position to meet its current liabilities in due period.
v. Carew & Company (Bangladesh) Ltd Paid Taxes Tk. 280.20 million to G0B.
vi. Carew & Company (Bangladesh) Ltd did not paid Dividend and DSL to the government.

8. Findings from the Audited Financial Statements 2023-24

A) In Carew & Company (Bangladesh) Ltd. Audit report 2023-24 provided the qualified opinion on the following accounts and issues:

i. The Company has 3,556 acres of land at recorded value of Tk. 5,62,604 that does not accurately represent its true and fair value. Additionally, there are several fully depreciated assets but still in use generating economic benefit. So, PPE should be revalued to ascertain the fair value of the fixed assets, that is violation of IAS-16.
ii. The Company owns a substantial number of trees within its Premises but that have not been valued in the financial statements which is a violation of IAS-41.
iii. The entity improperly netted off interest income from growers' loan against interest expenses related to a bank loan. As IAS-1 that is Potentially leading to misstatements in both income and expense.
iv. The Company has offset interest income of TK 15.27 million against Advance Income Tax without Proper disclosure. Moreover, the entity failed to accrue this interest income that constituting a breach of IAS-01. As a result, revenue and assets are under stated.
v. Inventory includes Tk. 8.09 million that has been carried forward for extended Period. This amount includes slow-moving and unusable items in various categories.
vi. Due to incomplete fixed Assets register and absence, of tag number & location that may impact the risk of asset misappropriation and theft along with reliability of the financial statement.
vii. The Company did not properly translate foreign currency loans that violated IAS-21.
viii. Company's Workers Profit Participation fund and Welfare Fund accumulated balance stand as on 30/06/2024 Tk. 56.04 million that includes welfare fund of Tk. 1.66 million which is not transferred as well as no payment has been executed from this fund. So, it is a violation of WPPF Act.
ix. Inter unit sales and purchases were incorporated for TK 204.54 million during FY 2023-24 that overstated sales and purchases of the company which is violating IFRS.

x. The auditors could not verify the four (04) accounts under different heads, Tk. 546.30 million are carried forward with the same amount for a long time due to non-submission of proper evidence by the Company.
xi. The company did not provide balance confirmation evidence to the auditors for the five (05) accounts under different heads amounting to Tk. 156.92 million.
xii. The auditor did not verify the 4 (four) accounts balances total Tk. 35.61 million since long period due to non-submission of proper evidence by the company.
xiii. The entity invested in gratuity and leave pay amounting to Tk. 661.96 million without maintaining a separate bank account for gratuity fund and interest from this account was recognized as company income. Moreover, the company did not provide gratuity fund policy & trust deed to the auditor.
xiv. The company did not maintain deferred tax liability account, that is a non-compliance of IAs -12.

B) In the Carew & Company (Bangladesh) Ltd. Audit report 2023-24 the auditor emphasized the following notes:

i. Cumulative loss of sugar unit now stands Tk. 8,696.75 million but in the report the entity did not provide explanation in this regard.
ii. The company engages in the production of Distillery. As per Narcotics Control Act-1991 the entity applied for licenses and deposited fees, but the company did not receive such licenses.
iii. The entity did not provide training for its employees to ensure knowledge of IAS, IFRS, Tax, VAT and PPE of company. As a result, several ledgers have overstated and understated balances due to lack of proper knowledge.

9. Recommendation for Performance Based Incentives

Carew & Company (Bangladesh) Ltd has obtained a weighted average score of 2.61 out of a scale 4.00 and is graded 'Good'. Therefore, IPEC recommended non-financial incentive for the employees of the company. Also, a certificate from Finance Division may be awarded to Carew & Company (Bangladesh) Ltd for being graded 'Good' in IPE for the FY 2023-24.

10. Recommendations for Improvement:

To improve the performance of Carew & Company (Bangladesh) Ltd., the following recommendations are proposed based on findings from the Independent Performance Evaluation (IPE):

i. Modernize the distillery unit with automation facilities and introduce bottling for effective marketing.
ii. Procure high-yielding sugarcane and take measures to improve the sugar recovery rate within acceptable ranges to maximize productivity.
iii. Provide comprehensive training for employees to ensure efficient and modern operations.

iv. Upgrade the Anujib Laboratory and Effluent Treatment Plant (ETP) for the distillery unit to enhance operational efficiency.
v. Establish 1(one) foreign liquor sales centers as part of the company's plans and programs.
vi. Develop and execute a strategic action plan to bring the sugar unit to breakeven by reducing costs and modernizing the sugar plant.
vii. Expand production of by-products in the pharmaceutical and agricultural sectors to ensure sustainable growth and development.
viii. Prepare financial statements in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to improve financial discipline, disclosure, and transparency, ensuring the provision of necessary evidence for auditors.
ix. Revaluation of 3,566.66 acres of company-owned land at current market value to accurately reflect its fair value in the financial statements.
x. The entity should regularly deposit dividends and DSL payments to the government exchequer.
xi. The entity should maintain a specific provision for the significant amount of accounts receivable in accordance with IAS 36, due to the potential risk of non-recovery of long-outstanding receivables. In line with the Prudence Principle, an adequate provision should be ensured to cover such risks.
xii. The entity should form Board Committees such as an Audit Committee and Nomination & Remuneration Committee (NRC) to strengthen internal control and compliance.
xiii. Carew & Company should maintain an updated asset register, including historical cost or fair value of assets, and implement modern accounting software to ensure accurate, efficient, and transparent financial reporting.
xiv. The entity should fully comply with the requirements of IAS- 36 to ensure proper valuation and disclosure of its assets in the financial statements.
xv. 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.
xvi. To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

12. Conclusion:

Based on the audited financial statements, data, and relevant documents of Carew & Company (Bangladesh) Ltd., an Independent Performance Evaluation (IPE) report has been prepared for FY 2023–24. The report indicates that both financial and non-financial performance have improved compared to the previous fiscal year (FY 2022–23).

However, to further enhance overall performance, the company should strengthen its operational efficiency, particularly in the sugar unit, by adopting modern technologies and implementing a comprehensive business plan aimed at reducing losses and ensuring financial sustainability. Additionally, the pharmaceutical and bio-fertilizer units require modernization to improve productivity and competitiveness. Measures should also be taken to promote high-yield sugarcane cultivation to increase sugar recovery rates. Furthermore, the entity should take appropriate corrective actions to address the financial irregularities identified in the Audited Financial Statements 2023–24.

Annexure 1

Carew & Company (Bangladesh) 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		
	• Stock in Trade	531,238,664	222,581,929
	• Stock of Store & Spares	382,793,163	404,574,991
	• Stock in Transit	4,490,938	39,700,934
	ii. Receivable:		
	• Trade	31,122,487	41,969,014
	• Others	12,916,325	12,016,550
	iii. Cash and Cash Equivalent	2,320,072,919	1,876,426,653
	iv. Others Current Assets	15,731,063,821	14,094,783,792
2	Total Current Assets (i+ii+iii+iv)	19,013,698,317	16,692,053,863
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	290,530,269	206,893,434
	•Capital Work in Progress	228,977,365	185,162,536
	• Other non-current assets		
4	Total Assets (2+3)	19,533,205,950	17,084,109,833
5	Current Liabilities:		
	• Trade	39,821,406	42,069,194
	• Others	308,064,842	282,769,516
	ii. Other Current Liabilities	3,320,676,944	3,070,317,668
6	Total Current Liabilities (i+ii)	3,668,563,192	3,395,156,378
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	470,175,000	444,041,303
	ii. Other Non-Current Liabilities	12,564,175,145	11,255,212,974
8	Total Non-Current Liabilities (i+ii)	13,034,350,145	11,699,254,277
9	Total Liabilities (6+8)	16,702,913,337	15,094,410,655
10	Equity:		
	i. Share Capital	7,565	7,565
	ii. Government Equity	32,164,891	32,164,891
	iii. Capital & General Reserve	20,427,653	20,427,653
	iv. Government & Other Grants	1,429,864	1,429,864
	v. Retained Earnings/(Loss)	2,776,262,640	1,935,669,205
11	Total Equity (i+ii+iii + iv + v)	2,830,292,613	1,989,699,178
12	Total Equity and Liabilities (9+11)	19,533,205,950	17,084,109,833

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	3,935,897,089	100.00%	3,567,294,880	100.00%
14	Less: Cost of Sales/Services	1,756,934,975	44.64%	1,812,227,650	50.80%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	2,178,962,114	55.36%	1,755,067,230	49.20%
16	Less: Operating Expenses:				
	i. Administrative Expenses	843,114,318	21.42%	670,933,092	18.81%
	ii. Marketing Expenses	4,962,700	0.13%	5,327,552	0.15%
17	Total Operating Expenses (i+ii)	848,077,018	21.55%	676,260,644	18.96%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	1,330,885,096	33.81%	1,078,806,586	30.24%
19	Add: Non-Operating Income	129,885,180		83,956,242	
20	Less: Financial Expenses	283,939,466		228,530,354	
21	Less: Other Non-Operating Expenses				
22	Less: Provision for WPPF	56,039,562		44,487,261	
23	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19-20-21-22)	1,120,791,248		889,745,212	
24	Less: Provision for Tax				
	i. Current tax	280,197,812		244,679,933	
	ii. Deferred tax				
25	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	840,593,436		645,065,279	

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	131,856,000	258,210,000
29	Actual Capital Expenditure	118,773,000	199,037,000
30	Dividend Payable		
31	Dividend Paid		
32	Taxes Payable	280,197,812	244,679,933
33	Taxes Paid	280,197,812	244,679,933
34	Debt Service Liabilities (DSL) Payable	16,702,913,000	160,365,660
35	Debt Service Liabilities (DSL) Paid		
36	Fees, Fine and Charges Payable		
37	Fees, Fine and Charges Paid		
38	New Government Investment:		
	• Equity		
	• Debts/Loan		13,105,999
39	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants		
	• Subsidies		
	• Other Transfer (Specify)		
40	Operating Cash Surplus/(Deficit)	321,856,178	152,480,933
41	Added Value	2,594,031,598	2,190,274,746
42	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
43	Capacity Utilization (%)	Sugar;22.68% 78.06%	Sugar: 20.71% 44.20%
44	Input use Efficiency (%)	4.62%	5.08%
45	Number of Employees (nos.)	1,092	1,092
46	Performance score achieved on APA		60.00%