Independent Performance Evaluation (IPE) Report
on
Bangladesh Petroleum Corporation (BPC)
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.

Bangladesh Petroleum Corporation (BPC) 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, BPC achieved a weighted average score of 2.31 out of 4.00, earning a “Good” grade.

1. Introduction

The Bangladesh Petroleum Corporation (BPC) was established under President’s Ordinance No. 88 in 1976, later replaced by the Bangladesh Petroleum Corporation Act of 2016. BPC is assigned with importing crude and refined oil, as well as lubricants, and is responsible for distributing and marketing fuel oil across the country. Currently, eight companies operate under BPC. Since July 1999, BPC has been importing lead-free gasoline and diesel with reduced sulfur content from the international market for domestic use. The Energy and Mineral Resources Division under the Ministry of Power, Energy, and Mineral Resources oversees BPC. Playing a vital role in the nation's economic development, BPC ensures the supply of fuel. Bangladesh ranks 77th globally in petroleum oil consumption, meeting 92% of its fuel demand through imports and sourcing the remaining 8% domestically.

Table 2: Key Operational Activities

SL No	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Crude Oil Import	MT	1,465,500	1,550,761	1,307.668
2.	Refined Petroleum Import	MT	5,141,724	5,316,511	5,063,906
3.	Sales of Petroleum Products	MT	6,915,010	7,346,095	6,761,320

Source: BPC Annual Report,2022-23 &2023-24

Based on the operational data, Bangladesh Petroleum Corporation (BPC) experienced notable year-on-year changes in its key activities. Crude oil imports increased from 1.47 million MT in FY 2021–22 to 1.55 million MT in FY 2022–23, indicating higher refinery utilization or demand, but declined to 1.31 million MT in FY 2023–24, reflecting a shift toward refined product imports or moderated demand. Similarly, refined petroleum imports rose modestly in FY 2022–23 before decreasing in FY 2023–24. Sales of petroleum products followed the same pattern, increasing to a peak of 7.35 million MT in FY 2022–23 and then falling to 6.76 million MT in FY 2023–24. Overall, FY 2022–23 marked an expansionary phase for BPC's operations, whereas FY 2023–24 reflected a contraction.

2. Role and Functions

The Bangladesh Petroleum Corporation (BPC) mainly performs the following functions:

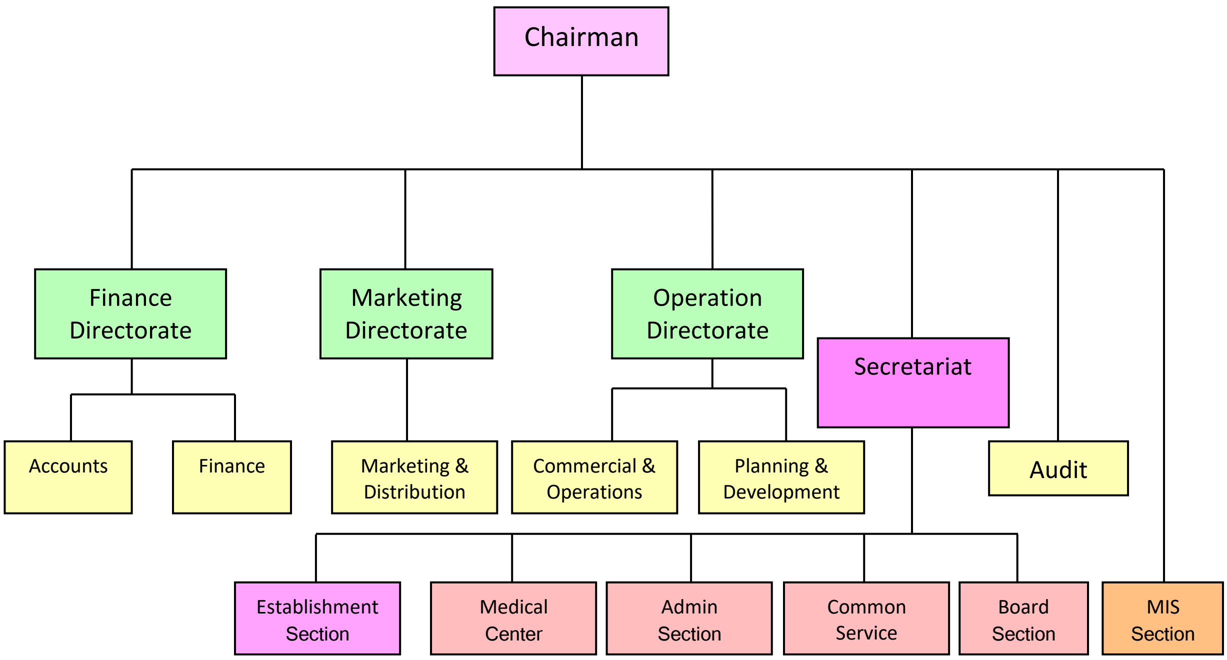
i. Importing crude oil and refined petroleum products to meet the country's requirements.
ii. Processing crude oil to produce various grades of petroleum.
iii. Importing and producing lubricant oil.
iv. Regulating the petroleum market through its subsidiary companies.
v. Establishing plants for recycling used lubricants.

3. Core Business and Organizational Structure

Core Business of Bangladesh Petroleum Corporation (BPC):

i. Maintain a minimum oil stock to ensure the country's fuel security.
ii. Expand the market for petroleum products.
iii. Import, store, distribute, and market petroleum products nationwide.
iv. Develop storage facilities to meet the country's growing demand for petroleum products.
v. Regulate the petroleum products market effectively.
vi. Oversee and manage the country's fuel security.

Organizational Structure:



4. Evaluation Parameters

Criteria: Business and Governance

Indices: A. Business Strategy and Social Responsibility

FY 2023-24

Table 1 (a): Standard of Indices A

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	**Entity Strategy**							
	Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
	2b. Sales Growth	QN	4	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
	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	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 1 (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	85.00%	Very Good	3	Note 1
2	**Growth Trajectory**						
	2a. Net Income Growth	QN	4	(14.02%)	Under Performing	0	AFS
	2b. Sales Growth	QN	4	(4.06%)	Under Performing	0	AFS
	2c. Other Growth	QL	3	80.00%	Good	2	Note 2
3	**Effective Implementation of Public Policy**	QL	3	89.00%	Very good	3	Note 3
4	**Efficiency of Project Implementation/ Project Goal Achievement:**	QN	4	114.24.00%	Excellent	2	Note 4
5	**Social Contribution**	QL	3	78.00%	Good	2	Note 5
Sub-Total			25				

Note-1: In align with Integrated Energy and Power Master Plan (IEPMP) 2023 Bangladesh Petroleum Corporation (BPC) has formulated several strategic targets, including a fuel and lubricant sales plan covering FY 2021–22 to FY 2029–30. The objective of this plan is to ensure an uninterrupted, efficient, and reliable fuel supply throughout the country. As part of this strategy, BPC is establishing ERL Unit-2 with an annual refining capacity of 3.0 million metric tons of crude oil, which is expected to reduce import dependency and lower fuel costs. In addition, construction of an LPG terminal at Matarbari is underway to facilitate large-scale LPG distribution to both public and private entities. During FY 2022–23, BPC implemented several pipeline installation projects to reduce fuel handling and transportation costs, thereby strengthening energy security and operational efficiency. Furthermore, BPC plans to construct a 40-storey office-cum-commercial building and 3 (three) oil storage tanks with a combined capacity of 24,000 metric tons to ensure safe fuel stockholding. Under the Single Point Mooring Project, the entity also plans to install a radar-based automatic gauging system, motorized valves, pipelines, and comprehensive automation at its main installations. All these initiatives are fully aligned with national development priorities, energy sector objectives, the Sustainable Development Goals (SDGs) - particularly SDG 7, SDG 9, and SDG 12—as well as the National Strategic Plan and government policy directives reflected in the National Budget.

Note-2: BPC has introduced Custody Flow Meter in its operation to ensure accurate quantity of petroleum products.

Note-3: Bangladesh Petroleum Corporation (BPC) effectively implements government policies through the import, refining, storage, distribution, and marketing of petroleum products to ensure the country's fuel security. As part of its public policy implementation, BPC supplies fuel oil nationwide at pre-determined prices under the Automatic Fuel Pricing Guideline, where fuel prices are finalized monthly and remain effective for the following month.

Note-4: During FY 2023-24, BPC achieved 128.98% of its financial target and 99.50% of its physical target in project implementation. A comprehensive performance score was calculated based on this combined achievement.

Note-5: BPC has engaged in the following social and environmental initiatives:

i. **Environmental Efforts:** BPC has stopped importing high sulfur petroleum product presently so, that impact to minimize environmental pollution in the country.
ii. **Support for Employees and Families:** Under CSR Program the entity provided financial assistance for medical treatment and scholarships to staff members' children, as well as support for casual staff during religious festivals.
iii. **Community Maintenance:** Oversees the upkeep of a mosque located in the BPC Residential Complex.
iv. **Capacity Building:** Offers internship training opportunities to its subsidiary companies.

Indices: B. Operational Efficiency

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

Serial No.	Indicators & Sub-indicators	Types of Measurement	Weight for Sub-indicators	* Standard 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	3	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	3	Tk.500 mil or more	Tk. 450 to 499 mil	Tk. 400 to 449 mil	Tk. 350 to 399 mil	Below Tk. 350 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.10 or more	Tk. 0.08 to 0.09	Tk. 0.06 to 0.07	Tk. 0.04to 0.05	Below Tk. 0.04
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk. 20.00 or more	Tk. 18.00 to 19.99	Tk. 16.00 to 17.99	Tk. 14.00 to 15.99	Below Tk. 14.00
4	**Production**							
	4a. Input Use Efficiency (%)	QN	3	97.50% or more	95.00% to 97.49%	92.50% to 94.99%	90.00% to 91.49%	Below 90.00%
	4b. Inventory Turnover (Times)	QN	3	40.00 or more	35.00 to 39.99	30.00 to 34.99	25.00 to 29.99	Below 25.00%
	4c. Asset Turnover (Times)	QN	3	1.00 or more	0.80 to 0.99	0.70 to 0.79	0.60 to 0.69	Below 0.60
	4d. Capacity Utilization (%)	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
		Sub-total	25					

Table 2 (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	3	90.00%	Very Good	3	Note 6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	3	Tk. 447.25 mil	Good	2	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.066	Good	2	AFS
	3b. Added Value Per Tk. Value of PPE	QN	3	Tk.16.66	Good	2	AFS
4	**Production**						
	4a. Input Use Efficiency (%)	QN	3	98.26 %	Excellent	4	Annexure 1, SL 43
	4b. Inventory Turnover (Times)	QN	3	32.51	Good	2	AFS
	4c. Asset Turnover (Times)	QN	3	0.81	Good	2	AFS
	4d. Capacity Utilization (%)	QN	4	85.07%	Very Good	3	Annexure 1, SL 42
	Sub-total		25				

Note-6: BPC has implemented the following facilities:

i. **Online Accessibility:** Uploaded relevant policies, rules, forms, and customer service information on its official website.

ii. **Fuel Station Locator:** Integrated a Google-based application with a database on the website, enabling easy search for fuel stations across the country.

Indices: C. Financial

Table 3 (a): Standards of Indices C FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measureme**	**Weight for Sub-**	**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. 60,000 mil or more	Tk. 50,000 to Tk.59,999 mil	Tk. 40,000 to Tk. 49,999 mil	Tk. 30,000 to Tk. 39,999 mil	Below Tk. 30,000 mil
2	Profit before Tax	QN	2	Tk. 70,000 mil or more	Tk. 60,000 to Tk. 69,999 mil	Tk. 50,000 to Tk. 59,999 mil	Tk. 40,000 to Tk. 49,999 mil	Below Tk. 40,000 mil
3	Return on Assets (%)	QN	2	10.00% or more	8.00% to 9.99%	6.00% to 7.99%	4.00% to 5.99%	Below 4.00%
4	Return on Sales (%)	QN	2	12.00% or more	9.00% to 11.99%	6.00% to 8.99%	3.00% to 5.99%	Below 3.00%
5	Return on Equity (%)	QN	2	20.00% or more	15.00% to 19.99%	10.00% to 14.99%	5.00% to 9.99%	Below 5.00%
6	Net Worth Growth (%)	QN	2	20% or more	18% to 19%	16% to17%	14% to 15%	Below 14%
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1.	Debt Equity Ratio (Times)	QN	2	1.50or less	1.51 to 2.00	2.01 to 2.50	2.51 to 3.00	More than 3.00
2.	Debt to Assets (Times)	QN	2	0.60or less	0.61 to 1.00	1.1 to 1.4	1.41 to 1.8	More than 1.8
3.	Current Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4.	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
5.	Accounts Receivable Period (Days)	QN	2	60 days or less	61 days to 80 days	81 days to 100 days	101 days to 120 days	More than 120 days
6.	Accounts Payable Period (Days)	QN	2	60 days or less	61 days to 80 days	81 days to 100 days	101 days to 120 days	More than 120 days
	iii. Transactions with Govt.							
1	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Debt Service Liabilities Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Dividend Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 3 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating profit	QN	2	Tk. 59,838.04 mil	Very Good	3	AFS
2	Profit before Tax	QN	2	Tk. 54,114.96 mil	Good	2	AFS
3	Return on Assets (%)	QN	2	4.22%	Fair	1	AFS
4	Return on Sales (%)	QN	2	5.19%	Fair	1	AFS
5	Return on Equity (%)	QN	2	11.58%	Good	2	AFS
6	Net Worth Growth (%)	QN	2	14.42%	Fair	1	AFS
7	Capital Budget Utilization (%)	QN	2	64.99%	Fair	1	Annexure 1 SL 27 & 28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	1.74	Very Good	3	AFS
2	Debt to Assets (Times)	QN	2	0.64	Very Good	3	AFS
3	Current Ratio (Times)	QN	2	2.45	Excellent	4	AFS
4	Debt Coverage Ratio (Times)	QN	2	0.98	Under Performing	0	AFS
5	Accounts Receivable Period (Days)	QN	2	122.45	Under Performing	0	AFS
6	Accounts Payable Period (Days)	QN	2	260.38	Under Performing	0	AFS
	iii. Transactions with Government						
1	Taxes Paid	QN	2	100%	Excellent	4	Annexure 1 SL 31 & 32
2	Debt Service Liabilities Paid	QN	1	0.37%	Under Performing	0	Annexure 1 SL 33 & 34
3	Dividend Paid	QN	1	100%	Excellent	4	Annexure 1 SL 29 & 30
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 4(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 4(b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	91%	Excellent	4	Note7
2	Board Practices	QL	5	78%	Good	2	Note 8
3	Transparency and Disclosure	QL	5	92%	Excellent	4	Note 9
4	Control Environment and Process	QL	5	86%	Very Good	3	Note 10
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

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

Note-7: The entity operates under its own legislation and adheres to the Bangladesh Petroleum Corporation Act 2016, Bangladesh Petroleum Act of 1974, along with relevant rules, regulations, policies, employee service rules, and a code of conduct and ethics to uphold corporate governance. BPC also employs a corporate secretary for its board.

Note-8 The entity's Board of Directors comprises seven members, including the Chairman, three regular members, and three part-time members nominated by the government. During the fiscal year 2023-24, 14 (fourteen) board meetings were held, resulting in the implementation of 29 (twenty-nine) board decisions. It is noteworthy that BPC does not have any board committee, and the BPC Act does not include provisions for appointing independent directors to the board.

Note-9: The entity publishes a wide range of information on its website, including acts, rules, operational details, fuel pricing, financial data, names and biographies of board directors and senior managers, audited financial statements, the citizen charter etc.

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

i. Established an Audit Division to implement an internal control system among various departments that report directly to the Chairman. Audit Department reviews and verifies all the bills and payments to ensure internal control system.
ii. Uses Tally software for recording financial transactions and operates a partially computer-based Management Information System (MIS).
iii. Empowers the board to address and manage emergency situations effectively.
iv. Ensures adherence to all safety measures for a secure working environment on its premises, following government directives.

5. IPE Process

i. Performances of non-financial indicators of Bangladesh Petroleum Corporation (BPC) has been evaluated using information and documents of the inception report provided by BPC.
ii. Actual performance score of non-financial indicators is determined through the collective decision of ERT members.
iii. Non-financial Indicators' Score will be based on specific documentary evidence.
iv. According to IPEG, actual financial performances of BPC are to be evaluated on the basis of national best practices/standard. However, due to the non-availability of such standard and comparable entities in the country, BPC'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 Petroleum Corporation (BPC)

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	3	0.12
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Sales Growth		4	0	0.00
	2c. Other Growth		3	2	0.06
3	Effective Implementation of Public Policy • Implement activities to achieve policy goal		3	3	0.09
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"		4	4	0.16
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	2	0.06
	Sub Total		**25**		**0.49**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
B	**Operational Efficiency:**	25			
1	Product Delivery: • Product benefits and Accessibility		3	3	0.09
2	Labor Productivity: 2a. Added Value Per Employee		3	2	0.06
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	2	0.06
	3b. Added Value Per TK Value of PPE		3	2	0.06
4	Production:				
	4a. Input Use Efficiency (%)		3	4	0.12
	4b. Inventory Turnover (Times)		3	2	0.06
	4c. Asset Turnover (Times)		3	2	0.06
	4d. Capacity Utilization (%)		4	3	0.12
	Sub Total		**25**		**0.63**

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	3	0.06
2	Profit before tax		2	2	0.04
3	Return on assets		2	1	0.02
4	Return on Sales		2	1	0.02
5	Return on equity		2	2	0.04
6	Net worth growth		2	1	0.02
7	Capital budget utilization		2	1	0.02
	ii. Financial Risk:				
1	Debt equity ratio		2	3	0.06
2	Debt to assets		2	3	0.06
3	Current ratio		2	4	0.08
4	Debt Coverage Ratio		2	0	0.00
5	Accounts Receivable Period (Days)		2	0	0.00
6	Accounts Payable Period (Days)		2	0	0.00
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Debt Service Liabilities Paid		1	0	0.00
3	Dividend Paid		1	4	0.04
	Sub Total		**30**		**0.54**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	**Corporate Governance Practices:**	20			
1	Commitment to Corporate Governance: • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary		5	4	0.20
2	Board Practices: • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented		5	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	4	0.20
4	Control Environment and Process: • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises		5	3	0.15
	Sub Total		**20**		**0.65**
	Grand Total (A+B+C+D)	**100**	**100**		**2.31**

7. Interpretation of Results

As per Independent Performance Evaluation (BPC) Bangladesh Petroleum Corporation Scored 2.31 out of 4.00 in the year 2023-24.

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

- Input Use Efficiency
- Current Ratio
- Efficiency of Project Implementation
- Transparency and Disclosure
- Corporate Governance

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

- Product Delivery
- Capacity Utilization
- Entity Strategic Plan
- Control Environment and Process
- Debt Equity Ratio
- Debt to Assets
- Effective Implementation of Public Policy

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

- Capital Productivity
- Inventory Turnover
- Labour Productivity
- Other Growth
- Assets Turnover
- Board Practices
- Social Contribution
- Return on Equity

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

- Return on Assets
- Capital Budget Utilization
- Net Worth Growth
- Return on Sales

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

- Sales Growth
- Net Income Growth
- Accounts Payable Period
- Accounts Receivable Period
- Debt Coverage Ratio

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

i. BPC recorded an operating profit of Tk. 59,838,04 million.
ii. The entity earned net profit (after tax) of Tk. 39,432.93 million.
iii. BPC's current ratio stood at 2.45 reflecting a well position to meet current liabilities within the due period.
iv. Tk. 14,683.67 million was paid as taxes.
v. Tk. 3,000 million was paid to the Government of Bangladesh (GOB) as dividends.
vi. DSL paid TK 60.03 million during the fiscal year.

8. Findings from the Audited Financial Statement 2023-24

In the BPC Audit Report 2023-24 the Auditors emphasized and drew attention to the following notes:

i. Investment with Eastern Refinery Limited (ERL) shows Tk. 3,822.83 million but investment to ERL and ownership of these assets is still unresolved between ERL & BPC.

ii. Capital reserves on account of ERL, Padma Oil Company & LP Gas Ltd. total Tk. 55.67 million represents pre-incorporation liabilities assumed by BPC which has been pending for a long period.

iii. Pre-liberation Dues Tk. 143.10 million remained pending for a long time.

iv. Payable to the Government for shares invested in BPC Tk. 300.80 million has been laying pending for a long time, neither interest was provision nor repayment was made against the loan.

v. BPC restated TK 3,099.18 million as prior year adjustment for the previous year in the Financial Statement as their longtime practice which is non-compliance of IAS-8 (Accounting Policies, Changes in Accounting Estimates and Errors). So, BPC should keep necessary records and supporting evidence for all balances shows in prior year adjustment.

9. Recommendation for Performance Based Incentives

Bangladesh Petroleum Corporation has obtained a weighted score 2.31 out of a scale 4.00 and is graded “Good”. Therefore, IPEC recommended a non-financial incentive for the employees of BPC. Also, a certificate from Finance Division may be awarded to BPC for being graded “Good” in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To improve the performance of BPC the following recommendations are made based on the findings of IPE:

a) BPC should complete all ongoing projects, including the “Automation of Oil Depots” and “Installation of ERL Unit-2” projects, within the stipulated timeframe in accordance with approved plans and programs to enhance operational safety, crude oil processing capacity, storage, automation, transportation and handling efficiency, as well as overall profitability in the energy sector.

b) BPC should form key Board Committees, including an Audit Committee and Nomination & Remuneration Committee (NRC), to strengthen internal controls and ensure compliance.

c) The project should be implemented promptly to ensure an uninterrupted supply of LPG to various LPG companies.

d) BPC should address unresolved investment matters with ERL and adhere to VAT and TDS rules as recommended by the auditors.

e) Steps should be taken to settle outstanding liabilities from the pre-liberation period.

f) The entity should resolve the payment to the government for share investments in BPC across seven subsidiary companies to ensure fair presentation of the Annual Financial Statements (AFS).

g) The financial statements of the Bangladesh Petroleum Corporation (BPC) should be prepared in alignment with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to improve financial discipline, disclosure, and reporting.

h) BPC should take steps to resolve outstanding advances to the government for the fair presentation of financial statements.

i) The entity should take initiatives to increase its equity fund to achieve a standard debt-equity ratio.

j) BPC should solve their DSL-related issues with the relevant authorities and ensure timely, regular DSL payments to GOB.

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

l) BPC should implement the Enterprise Resource Planning (ERP) Software for smooth and efficient operation.

m) BPC is advised to prepare consolidated financial statements in accordance with IFRS 10, considering its subsidiary entities.
n) 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.
o) To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

11. Conclusion

Based on the audited financial statements, data, and supporting documents of Bangladesh Petroleum Corporation (BPC), the Independent Performance Evaluation (IPE) report for FY 2023–24 has been prepared. The evaluation indicates that BPC’s financial performance declined during the year, mainly due to a reduction in petroleum product imports and sales in FY 2023–24. In addition, financial expenses increased significantly compared to FY 2022–23. However, BPC’s non-financial performance showed improvement over the previous fiscal year. To enhance overall performance, the entity should complete all ongoing projects within the approved timelines that significantly improve operational efficiency and address the financial issues highlighted in the BPC Audited Financial Statement 2023–24.

Annexure 1

Bangladesh Petroleum Corporation (BPC)

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	11,945,201,607	8,222,616,986
	• Accessories/ Supplies		
	• Work-in-Progress (WIP)	304,029,345	258,012,456
	• Others (including spare parts)	4,063,021,663	165,999,747
	• Finished goods	11,289,882,935	6,715,709,100
	ii. Receivable:		
	• Trade	254,873,822,524	253,294,752,931
	• Others	10,658,244,813	20,799,343,586
	iii. Cash and Cash Equivalent	252,053,440,103	224,148,069,585
	iv. Others Current Assets	77,314,045,837	67,288,099,547
2	Total Current Assets (i+ii+iii+iv)	622,501,688,827	580,892,603,939
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	3,677,028,580	3,648,535,988
	• Capital Work in Progress	129,911,738,947	56,570,016,592
	• Investments	62,219,110,559	59,529,496,861
	• Other non-current assets	115,052,986,724	115,306,336,724
4	Total Assets (2+3)	933,362,553,637	815,946,990,104
5	Current Liabilities:		
	i. Payables:		
	• Trade	62,365,062,487	48,988,426,530
	• Others	65,494,473.787	100,974,784,072
	ii. Other Current Liabilities	125,920,260,041	87,690,351,313
6	Total Current Liabilities (i+ii)	253,779,796,316	237,653,561,915
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	338,593,790,510	280,218,950,000
	ii. Deferred Liabilities	-	644,270
	iii. Other Non-Current Liabilities	443,897,843	443,897,843
8	Total Non-Current Liabilities (i+ii+iii)	339,037,688,353	280,663,492,113
9	Total Liabilities (6+8)	592,817,484,669	518,317,054,028
10	Equity:		
	i. Share Capital	1,000,000	1,000,000
	ii. Development & Depreciation Fund	7,637,780,973	4,343,382,395
	iii. Capital Reserve	10,897,884,689	10,897,884,689
	iv. Revaluation Reserve	3,332,612,295	3,438,506,312
	v. Retained Earnings/(Loss)	318,675,791,011	278,949,162,680
11	Total Equity (i+ii+iii+iv+v)	340,545,068,968	297,629,936,076
12	Total Equity and Liabilities (9+11)	933,362,553,637	815,946,990,104

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	759,748,348,504	100.00%	791,875,110,329	100%
14	Less: Cost of Sales/Services	698,474,471,627	91.93%	731,448,946,351	92.37%
15	Gross Profit/(Loss)/Surplus/ (Deficit) (13-14)	61,273,876,877	8.07%	60,426,163,977	7.63%
16	Less: Operating Expenses:				
	i. Administrative Expenses	603,019,494	0.08%	216,805,405	0.03%
	ii. Marketing Expenses	832,816,366	0.11%	1,619,831,339	0.20%
17	Total Operating Expenses (i+ii)	1,435,835,860	0.19%	1,836,636,745	0.23%
18	Operating Profit/(Loss)/ Surplus/(Deficit) (15-17)	59,838,041,017	7.88%	58,589,527,232	7.40%
19	Add: Non-Operating Income	20,970,629,924		14,985,541,759	
20	Less: Financial Expenses	26,693,709,296		10,613,229,620	
21	Less: Other Non-Operating Expenses			0	
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19 – 20 – 21)	54,114,961,645		62,961,839,371	
23	Less: Provision for Tax				
	i. Current tax	14,683,667,324		17,129,607,451	
	ii. Deferred tax	(1,630,994)		(28,746,036)	
24	Net Profit/(Loss)/Surplus/ (Deficit) After Tax (22-23)	39,432,925,315		45,860,977,956	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales	759,748,348,504	791,875,110,329
26	Credit Purchases	87,421,918,174	59,285,103,486
27	Capital Budget Allocation	21,795,500,000	3,758,600,000
28	Actual Capital Expenditure	14,165,100,000	3,835,900,000
29	Dividend Payable	3,000,000,000	2,000,000,000
30	Dividend Paid	3,000,000,000	2,000,000,000
31	Taxes Payable	14,683,667,324	17,129,607,451
32	Taxes Paid	14,683,667,324	17,129,607,451
33	Debt Service Liabilities (DSL) Payable	16,329,181,474	120,423,000,000
34	Debt Service Liabilities (DSL) Paid	60,030,490	
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)	16,030,477,834	62,916,725,585
40	Added Value	61,273,876,877	60,426,163,977
41	Employee’s cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	85.07%	97.50%
43	Input use Efficiency (%)	98.26%	97.50%
44	Number of Employees (Nos)	139	134
45	Performance score achieved on APA		90.30%