

**Independent Performance Evaluation (IPE)
Report
on
Bangladesh Shipping Corporation (BSC)
For 2021-22**

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Executive Summary

Finance Division, Ministry of Finance is implementing the programme “Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)”. The Scheme of Strengthening of State-owned Enterprises’ Governance is one of the components of SPFMS program. The objective of the scheme is to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). For this purpose, an Independent Performance Evaluation Guideline (IPEG) of SOEs and ABs has been prepared and approved by the Finance Division to evaluate the performance of SOEs and ABs independently. Based on selection parameters of IPEG, Monitoring Cell of Finance Division has selected 10 SOEs and ABs to conduct Independent Performance Evaluation for the fiscal year 2021-22.

Bangladesh Shipping Corporation (BSC) is included in the list of 10 selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2021-22. As per the result of IPE of Bangladesh Shipping Corporation (BSC) for FY 2021-22 has obtained a weighted average score of 3.54 out of 4.00 and is graded ‘Very Good’.

1. Introduction

Bangladesh Shipping Corporation (BSC) was established under President’s Order (PO) No 10 of 05 February 1972. Bangladesh Shipping Corporation Act, 2017 was enacted on 21 March 2017. Based on Bangladesh Shipping Corporation Act-2017, authorized capital of the corporation has increased to Taka 10,000,000,000 (one thousand Crore) divided into 1,000,000,000 ordinary shares of Tk. 10 each. Paid up capital of BSC as on 30 June 2022 stand Tk. 1, 525,350,400 out of which GOB holds 52.10% and Public 47.90%. During FY 2021-22 BSC operated 8 (eight) Ships. Bangladesh Shipping Corporation is the only national flag carrier of Bangladesh in the international sea route.

Bangladesh Shipping Corporation plays an important role in carrying imported consignments of Bangladesh. Shipping industry is the lifeline of the international import and export trade. About 90% of total world trade is carried out by shipping services. Due to day to day increasing trend in trade activities shipping services are also increasing globally. By operating more ships in the international sea route BSC is trying to increase its shipping services. The Ministry of Shipping has oversight responsibility for the BSC.

During FY2021-22 BSC carried crude oil 1.16 million MT, Fertilizer 2.16 million MT, Bulk products 0.56 million MT, Refined Products 0.40 million MT that was aggregately 35.44% higher compare to previous fiscal year (2020-21).

2. Role and Functions

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

- i. Carry all kinds of imported goods;
- ii. Create efficient manpower in maritime sector;
- iii. Provide all kinds of Ship repairing service at its Marine workshop.

3. Core Business

Core Business:

- i. The entity carries imported food grain and fertilizer from abroad to ensure food safety.
- ii. BSC carries imported fuel and provides lighterage service that helps to ensure energy security of the country.

4. Evaluation Parameters

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

Table1(a): Standards of Indices A

FY 2021-22

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	Entity Strategy							
	1a. Entity Strategic Plan	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Growth Trajectory							
	2a. Net Income Growth	QN	4	65% or more	60% to 64%	55% to 59%	50% to 54%	Below 50%
	2b. Service Revenue Growth	QN	4	50% or more	45% to 49%	40% to 44%	35% to 39%	Below 35%
	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	QL	4	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						
	1a. Entity Strategic Plan	QL	5	93.00%	Excellent	4	Note-1
2	Growth Trajectory						
	2a. Net Income Growth	QN	4	213.52%	Excellent	4	AFS
	2b. Service Revenue Growth	QN	4	63.91%	Excellent	4	AFS
	2c. Other Growth	QL	4	91.00%	Excellent	4	Note-2
3	Effective Implementation of Public Policy: Implement activities to achieve policy goal	QL	4	96.59%	Excellent	4	Note-3
4	Social Contribution <ul style="list-style-type: none"> • Environmental Contribution • CSR/WPPF • Training/Volunteering 	QL	4	88.00%	Very Good	3	Note-4
Sub-Total			25				

Note-1: With an aim to provide the efficient shipping services in the international sea route the entity has a plan to acquire 2 (two) crude oil mother tankers and 2(two) mother bulk carriers within short period considering present commercial need and business demand of the country. In addition, the entity has a plan to procure 6 (six) new cellular container vessels, 2 (two) mother product oil tankers, 6 (six) LNG carrier and 10 (ten) bulk carrier within timeline. So, the entity's strategic plan is aligned with National Strategic Plan, Govt. policy direction of FYPs, SDGs, and Perspective plan 2041.

Note-2:On behalf of Bangladesh Chemical Industries Corporation BSC processed 31 (thirty one) tender documents for chartering the vessels to carry fertilizer from abroad. The entity has earned TK 137.32 million in FY2021-22 as Address Commission for processing the tender documents.

Note-3:As a state-owned shipping company, BSC has a legal obligation to carry government funded sea-borne imported goods from abroad at expense of the public fund as per section 3(2) of the Bangladesh Flag Vessels (protection) Act, 2019.

Note-4: BSC has taken following social/environmental activities during FY 2021-22.

- i. According to International Maritime Organization (IMO) Regulation, BSC's ships use Low Sulphur Oil (LSFO) which positively impact the environment.
- ii. The entity follows the International Safety Management code in the ships, cargoes and premises.
- iii. Under CSR program, the entity distributed TK 1.46 million to the outsourcing and daily basis workers of the corporations a financial assistance.
- iv. It has recruited 12 (twelve) cadets for ship and 14 (fourteen) staffs for shore.
- v. Provided sea time training for 20(twenty) male and female cadets on various ships of BSC.
- vi. BSC paid Tk. 55.90 million to employees as bonus.

Indices: B. Operational Efficiency

Table 2(a): Standards of Indices B

FY 2021-22

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							
	1a. Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Labor Productivity							
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 10 million or more	Tk. 8 to 9 million	Tk. 6 to 7 million	Tk. 4 to 5 million	BelowTk. 4 million
	2b. Employees cost on Value addition (%)	QN	3	16% or more	14% to 15%	12% to13%	10% to11%	Below 10%
3	Capital Productivity							
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.12 or more	Tk. 0.10 toTk. 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	3	Tk. 0.15 or more	Tk. 0.13 toTk. 0.14	Tk. 0.11 toTk. 0.12	Tk. 0.09 toTk. 0.10	Below Tk. 09
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 2(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						
	1a. Service Benefit & Accessibility	QL	5	85.00%	Very Good	3	Note-5
2	Labor Productivity						
	2a. Added Value per Employee (million Tk.)	QN	3	Tk. 7.26 million	Good	2	AFS
	2b. Employees cost on Value addition (%)	QN	3	11.40%	Fair	1	AFS
3	Capital Productivity						
	3a. Added Value per Tk. Value of Assets	QN	3	Tk. 0.12	Excellent	4	AFS
	3b. Added Value per Tk. Value of PPE	QN	3	Tk. 0.20	Excellent	4	AFS
4	Production						
	4a. Asset Turnover (Times)	QN	4	0.14	Excellent	4	AFS
	4b. Capacity Utilization (%)	QN	4	98.79%	Excellent	4	Documentary Evidence
Sub-total			25				

Note-5: BSC has introduced on line NOC (No Objection Certificate) issuing services during 2021-22 to facilitate the NOC issuing process for the Private Ship Owners Vessel to carry government cargo/goods. Earlier NOC was issued manually.

Indices: C. Financial

Table 3(a): Standards of Indices C

FY 2021-22

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
i. Financial								
1	Operating profit	QN	2	Tk. 800 million or more	Tk. 750 to Tk. 799 million	Tk. 700 to Tk. 749 million	Tk. 650 to Tk. 699 million	Below Tk. 650 million
2	Profit before Tax	QN	2	Tk. 1000 million or more	Tk. 900 to Tk. 999 million	Tk. 800 to Tk. 899 million	Tk. 700 to Tk. 799 million	Below Tk. 700 million
3	Return on Assets (%)	QN	2	3.50% or more	3.00% to 3.49%	2.50% or to 2.99%	2.50% to 2.49%	Below 2.0%
4	Return on Service Revenue (%)	QN	2	20% or more	18% to 19%	16% to 17%	14% to 15%	Below 14%
5	Return on Equity (%)	QN	2	12% or more	10% to 11%	8% to 9%	6% to 7%	Below 6%
6	Net Worth Growth (%)	QN	2	10% or more	9.00% to 9.99%	8.00% to 8.99%	7.00% to 7.99%	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	1.5 or 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	0.60 or 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 to 1.99	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 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5	Accounts Receivable Period (Days)	QN	2	30 days or less	31 to 40 days	41 to 50 days	51 to 60 days	more than 60 days
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 3(b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
i. Financial							
1	Operating profit	QN	2	Tk. 2368.36 million	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 2730.66 million	Excellent	4	AFS
3	Return on Assets (%)	QN	2	7.27%	Excellent	4	AFS
4	Return on Sales (%)	QN	2	50.23%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	20.41%	Excellent	4	AFS
6	Net Worth Growth (%)	QN	2	20.32%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	7.09%	Under-performing	0	Documentary Evidence
ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	2	1.81	Very Good	3	AFS
2	Debt to Assets (Times)	QN	2	0.64	Very Good	3	AFS
3	Debt Coverage Ratio (Times)	QN	2	226.00	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	3.62	Excellent	4	AFS
5	Accounts Receivable Period	QN	2	38.19	Very Good	3	AFS
iii. Transactions with Govt.							
1	Dividend Paid	QN	2	100%	Excellent	4	Documentary Evidence
2	Taxes Paid	QN	2	100%	Excellent	4	Documentary Evidence
3	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	Documentary Evidence
Sub-total			30				

Indices: D. Corporate Governance Practices

Table 4(a): Standards of Indices D

FY 2021-22

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: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/regulations • Appointment of Board Secretary 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Board Practices: <ul style="list-style-type: none"> • 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	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	Control Environment and Process: <ul style="list-style-type: none"> • 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	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	Performance against the key Indicators of APA¹: <ul style="list-style-type: none"> • Total Performance score achieved on APA 	QN	4	100%	90%	80%	70%	60%

¹ Standard of APA Indicator is set on the basis of Annual Performance Agreement (APA) Guideline.

Table 4(b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	4	91%	Excellent	4	Note-6
2	Board Practices	QL	4	91%	Excellent	4	Note-7
3	Transparency and Disclosure	QL	4	95%	Excellent	4	Note-8
4	Control Environment and Process.	QL	4	93%	Excellent	4	Note-9
5	Performance against the key Indicators of APA	QN	4	82.87%	Good	2	Score of APA for FY 2021-22
Sub-total			20				
Grand Total (A+B+C+D):			100				

* Standard for Financial and Non-Financial indicators are set on basis of IPE process (Section 5, page 11).

Note-6: The entity has its own act. It follows Code of Conduct, Ethics of Corporate Governance Code 2018, key policies of the Board, IMO rules & regulation, MLC 2008, ISM code and Employees Service Rules as corporate governance. BSC has a corporate secretary for Board.

Note-7: In FY 2021-22 BSC board was consist of 9 (nine) members butthe entity’s act has the provision of maximum 13 (thirteen) members in its board of which one shall be elected shareholders director and one independent nominated director. It followed TOR of board, formedtwo Board Committees namely Audit Committee and NRC. During FY 2021-22 four (4) board meetings were held and twenty four (24) board decisions have been implemented.

Note-8: The entity’s Board of Directors and Senior Manager’s name and biographies, Audited Financial Statement, Citizen Charter, APA and Code of Conduct are disclosed on BSC’s website.

Note-9: BSC has Internal Audit Department to find out the irregularities, defalcations and misappropriation of entity’s fund that reports to Managing Director.The entity maintains Tally, ERP and PMIS software, own job portal, E-nothi, E-tendering system and V-Sat under Computer based management information system. The entity has Crisis Management Team headed by Managing Director to mitigate the entity’s emergency situation. Different measures have been undertaken in its premise for safety such as IP based CCTV, firefighting equipment, safety rules, Day Care Center and Air-Conditioner were considered for evaluation.

5. IPE Process

- I. Performances of non-financial indicators of Bangladesh Shipping Corporation (BSC) has been evaluated on the basis of information and documents of the inception report provided by BSC.
- II. Actual performance of non-financial indicators is determined by the collective decision of ERT members.
- III. 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 similar entities in the country, BSC's financial performance was compared with its last five years' performance on respective financial indicators.
- IV. Performances of all financial indicators are evaluated based on audited financial statements.
- V. Measurement tools used for financial indicators are suggested based on IPEG.
- VI. Grade and score are given as per IPEG.

6. Performance Evaluation Results

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	4	0.20
2	Growth Trajectory: 2a. Net Income Growth		4	4	0.16
	2b. Service Revenue Growth		4	4	0.16
	2c. Other Growth		4	4	0.16
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		4	4	0.16
4	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		4	3	0.12
	Sub Total		25		0.96
B	Operational Efficiency:	25			
1	Service Delivery: • Service benefits and Accessibility		5	3	0.15
2	Labor Productivity: 2a. Added Value Per Employee		3	2	0.06
	2b. Employees cost on Value addition (%)		3	1	0.03
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		3	4	0.12
	3b. Added Value Per TK Value of PPE		3	4	0.12
4	Production:				
	4a. Asset Turnover		4	4	0.16
	4b. Capacity Utilization		4	4	0.16
	Sub Total		25		0.80

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	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	3	0.06
2	Debt to assets		2	3	0.06
3	Debt coverage ratio		2	4	0.08
4	Current ratio		2	4	0.08
5	Accounts receivable period		2	3	0.06
	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		1.06

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: <ul style="list-style-type: none"> • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary 		4	4	0.16
2	Board Practices: <ul style="list-style-type: none"> • 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 		4	4	0.16
3	Transparency and Disclosure: <ul style="list-style-type: none"> • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct 		4	4	0.16
4	Control Environment and Process: <ul style="list-style-type: none"> • 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 		4	4	0.16
5	Performance against the key Indicators of APA: <ul style="list-style-type: none"> • Total Performance score achieved on APA 		4	2	0.08
	Sub Total		20		0.72
	Grand Total (A+B+C+D)	100	100		3.54

7. Interpretation of Results:

As per Independent Performance Evaluation (IPE) Bangladesh Shipping Corporation (BSC) Scored 3.54 out of 4.00 in the year 2021-22

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

- Entity Strategic Plan
- Net Income Growth
- Others Growth
- Service Revenue Growth
- Implementation of public policy
- Capacity Utilization
- Capital Productivity
- Assets Turnover
- Return on Sales
- Debt Coverage Ratio
- Current Ratio
- Return on Assets
- Return on Equity
- Net Worth Growth
- Corporate Governance
- Board Practice
- Transparency & Disclosure
- Control Environment and Process.

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

- Social Contribution
- Service Delivery
- Debt Equity Ratio
- Debt to Assets and
- Accounts receivable Period.

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

- Labor Productivity
- Performance against APA.

The performance of BSC is graded “Underperforming” in Capital budget utilization.

7. (B) Other important aspects of performance during FY 2021-22:

- BSC has earned operating profit of Tk.2,368.36 million;
- The entity has earned net profit (after tax) of Tk.2,258.02 million;
- BSC Current Ratio (Times) 3.62 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.315.82 million, DSL Tk. 16.11 million;
- BSC paid Tk. 158.93 million as dividend to government and other shareholders.

8. Findings from the Audit Report 2021-22

8.1 In the BSC Audit Report 2021-22, the Auditors emphasized and drew attention to the following notes:

- a) In the report, the measurement of deferred tax involves significant judgment. As such judicious opinion is necessary for the appropriateness and presentation disclosures as per 'IAS-12 Income Taxes'. Deferred tax assets and deferred tax liability has not been disclosed in Balance Sheet separately. As the deferred tax asset and liability are material and significant. (Annual Report, 2021-22, Page 69).
- b) BSC applied IFRS-15 using the cumulative effect method. As a result, the comparative information has not been restated and continues to be reported under IAS-18. The BSC may comply IFRS-15 in its letter & spirit to recognize all types of revenues earned from 'Customers' Contract' (Annual Report, 2021-22 page 67).
- c) As per note 41.1.B of audit reports the impairment loss of the assets of BSC is nil for the year. However, as per 'IAS-36 Impairment of Asset'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 considers for the impairment test. However, disclosures or clarification are not found in note no. 41.01.B for such impairment test. (Annual Report 2021-22, page 68 &103)

8.2 In BSC Audit Report 2021-22 the following anomalies are found:

- a) In AFS no disclosure/notes are provided for revaluation reserve of Tk. 4076 million which seems material figures. (Annual Report-2021-22, page – 72)
- b) In the report inadequate bad debt provision has been kept for Tk. 319 million receivable which is overdue or aging over 15 years and other receivables Tk. 194 million which is aging over 3 years. Considering the aging of both the receivables, 100% provision should be kept under IFRS 9 paragraphs 5.5.3 and 5.5.5. (Note 21 Annual Report 2021-22, page 95).
- c) In the report Impairment Loss of Tk. 1830 millions of M.V. BanglarSamridhi damaged by Missile Strike at the port of Olivia, Ukraine has not been considered under IAS 36.9, even though it was insured but at the point of reporting date it was not confirmed by the insurance company that the compensation shall be provided to BSC. Under this circumstance, the entire value less the recoverable amount shall be deemed to be impaired and should be recorded as impairment loss in the statement of profit or loss of BSC². (Note 40.02 of Annual Report 2021-22,page 101 & 106)

² In writing this report in December 2023 Bangladesh Shipping Corporation (BSC) informed that they had already received claim amount of TK2,421.89 million from the insurance company.

9. Recommendation for Performance Based Incentives

Bangladesh Shipping Corporation has obtained a weighted score of 3.54 out of a scale 4.0 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 2021-22.

10. Recommendations:

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

- a) BSC should take initiative to buy all ships as per Ships Acquisition Plan for increasing their shipping services in the international sea routes;
- b) The entity should arrange on the job training for the newly recruited Nautical and Engineering Cadets to create skilled manpower in the maritime sector;
- c) BSC’s marine workshop should be upgraded and automated to provide all types of shipping services efficiently and timely.
- d) Financial Statements of the BSC appear to have been prepared without due attention to IFRS. Financial Statements need to be prepared in accordance with applicable IAS and IFRS to improve financial discipline, disclosure and reporting.
- e) Auditor’s observations regarding impairment test, revenue recognition and impairment loss need to be recognized.

11. Conclusion

Based on Audited Financial Statements, data and documents of Bangladesh Shipping Corporation (BSC), Independent Performance Evaluation (IPE) report has been prepared for FY 2021-22. In the report it is found that BSC’s financial performance is improving and non-financial performance is also satisfactory. Therefore, to improve the overall performance of BSC, the entity should increase shipping services in the international sea routes by procuring ships as per their plan.

Bangladesh Shipping Corporation (BSC)
Financial & Other Information

Serial No	Statement of Financial Position (Balance Sheet)	Amount in BDT	
		Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
1	Current Assets:		
	i. Inventories		
	• Material	37,477,549	77,409,683
	• Accessories/ Supplies	15,217,204	23,270,367
	• Others (including spare parts)	26,357,775	20,641,589
	ii. Receivable:		
	• Trade	470,365,164	274,764,711
	• Others	622,496,066	609,779,672
	iii. Short Term Investments	10,022,976,822	7,122,710,141
	iv. Cash and Cash Equivalent	1,039,994,638	750,849,095
	v. Others Current Assets	413,170,612	584,149,549
2	Total Current Assets (i+ii+iii+iv)	12,648,055,830	9,463,574,807
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	18,241,032,175	18,720,813,004
	• Investments	0	0
	• Other non-current assets	164,655,617	164,655,617
4	Total Assets (2+3)	31,053,743,622	28,349,043,428
5	Current Liabilities:		
	i. Payables:		
	• Trade	0	0
	• Others	1,446,738,708	1,100,399,217
	ii. Other Current Liabilities	2,049,541,683	1,455,673,897
6	Total Current Liabilities (i+ii)	3,496,280,391	2,556,073,114
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	15,667,837,191	15,680,082,544
	ii. Deferred Liabilities	44,219,805	292,675,579
	iii. Other Non-Current Liabilities	782,892,460	626,068,209
8	Total Non-Current Liabilities (i+ii+iii)	16,494,949,456	16,598,826,332
9	Total Liabilities (6+8)	19,991,229,847	19,154,899,446
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	130,360,425	130,360,425
	iv. Revaluation Reserve	4,076,100,142	4,076,100,142
	v. Retained Earnings/(Loss)	683,022,809	(1,185,346,983)
11	Total Equity (i+ii+iii+iv+v)	11,062,513,776	9,194,143,984
12	Total Equity and Liabilities (9+11)	31,053,743,623	28,349,043,430

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2021-22		2020-21	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue/Receipts	4,495,730,450	100%	2,742,721,012	100%
14	Less: Cost of Sales/Services	1,712,899,530	38.10%	1,602,236,582	58.42%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	2,782,830,920	61.90%	1,140,484,430	41.58%
16	Less: Operating Expenses:				
	i. Administrative Expenses	414,470,761	9.22%	356,462,543	13.00%
	ii. Marketing Expenses	0		0	
17	Total Operating Expenses (i+ii)	414,470,761	9.22%	356,462,543	13.00%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	2,368,360,159	52.68%	784,021,887	28.58%
19	Add: Non-Operating Income	678,298,087		487,011,971	
20	Less: Financial Expenses	315,995,909		314,035,755	
21	Less: Other Non-Operating Expenses	0		0	
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19-20-21)	2,730,662,337		956,998,103	
23	Less: Provision for Tax				
	i. Current tax	315,821,303		38,963,767	
	ii. Deferred tax	156,824,250		197,827,295	
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	2,258,016,784		720,207,041	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2021-22	2020-21
25	Credit Sales	4,495,730,450	2,742,721,012
26	Credit Purchases	0	0
27	Capital Budget Allocation	311,000,000	374,000,000
28	Actual Capital Expenditure	22,037,040	13,467,595
29	Dividend Payable	158,926,880	183,042,048
30	Dividend Paid	158,926,880	183,042,048
31	Taxes Payable	315,821,303	38,963,767
32	Taxes Paid	315,821,303	38,963,767
33	Debt Service Liabilities (DSL) Payable	16,109,000	26,460,058
34	Debt Service Liabilities (DSL) Paid	16,109,000	26,460,058
35	Fees, Fine and Charges Payable	0	0
36	Fees, Fine and Charges Paid	0	0
37	New Government Investment:		
	• Equity	0	0
	• Debts/Loan	0	0
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	0	0
	• Subsidies	0	0
	• Other Transfer (Specify)	0	0
39	Operating Cash Surplus/(Deficit)	3,640,676,846	1,950,065,221
40	Added Value	3,694,214,381	2,048,420,018
41	Employees cost includes wages, salaries, bonus, provident fund contribution and other allowances	421,009,115	415,024,882
42	Capacity Utilization (%)	98.79%	98.51%
43	Input use Efficiency (%)	0.00%	0.00%
44	Number of Employees (NoS)	512	505
45	Performance score achieved on APA	82.87%	81.66%

Non-Financial Information format:

For the Financial Year Ended: 30 June 2022

Name of the SOE/AB: Bangladesh Shipping Corporation.

A		Enterprise Information and Legal framework	
2	Sector	Transport and Communication.	
3	Name of Entity	Bangladesh Shipping Corporation.	
4	Number of Subsidiaries	N/A	
5	Number of Branches	03(Three)	
6	Website	www.bsc.gov.bd	
7	Email Address	Info@bsc.gov.bd	
8	Year of Incorporation	1972	
9	Governing Law	BSC Act 2017	
10	Other relevant Governing Laws & Regulations	BSEC Rule 1987, IMO Rules and regulation, Maritime Labor convention (MLC)-2006,ISM Code, BSC Share Rules-1999	
11	Incorporation Structure	An Enterprise of the People's Republic of Bangladesh.	
12	Listed on the Stock Exchange	DSE-1977, CSE-1995	
B		Ownership and Shareholder protection	
14	Administrative Ministry	Ministry of Shipping.	
15	Structure of Organization	Statutory Body.	
C		Strategy and Governance Information	
17	Board of Directors (Number disaggregated by gender and profile)	09 (Female-1, Male-08).	
18	Qualification of Board Members	Attachment-A.	
19	Number of Independent Director	02(Two)	
20	Chairman to be Independent of Board	Yes	
21	Board Committees	2 (sub-committee) 1. Audit Committee. 2. NRC.	
22	Number of Board Meetings held	04(Four)	
23	Board Sitting Fees	7,000/-	
24	Executive Management	Yes	
25	Selection process of Board Members	Attachment-B.	
26	Strategic Plan/Public Policy Goal (copy required)	Attachment-C.	
27	Innovative work (Description)	Attachment-D.	
28	Project Completion Rate: Actual Achievement/Target	No Project has been taken during the FY 2021-22.	

Serial	Particulars	
D	Ownership Structure	
30	Govt. Shareholding	52.10%
31	Public Shareholding	47.90%
32	Others	-
E	Fiscal and Financial Discipline	
34	Who are the Primary Lenders to the Enterprise	Government of Bangladesh.
F	Controls, transparency and Disclosure	
36	Latest Audited financial Statement	Attachment-E
37	Audited by	Islam Quazi Shafique & Co. Ahmed Zakir & Co.
38	Risk Assessment Report	Attachment-F.
39	Internal Control	Attachment-G(1-6).
40	Timely public disclosure of financial statements	Attachment-H(1-4).
41	Measures for safe working Environment /Process (Description)	BSC take many steps for safe working environment in the BSC premises like; 1. Set up IP based CCTV for security. 2. Digital Excess control and attendant system. 3. Establish Day-care centre. 4. Installing Air condition (AC). 5. Separate Prayer space/room for female. 6. Separate and well decorated wash room for female staff/officer
G	Human Resources	
43	Number of employees	512
44	Number of New Job Creation (regular, Internship, etc.)	12 Cadets for Ship and 14 Staff for shore Stabishment.
H	Employee and Social Welfare	
46	CSR, WPPF etc.	Attachment-I(1-2)

Note: Above mentioned non-financial Information to be provided for IPE.

Signature, Name, and Designation of the Authorized Person:

MD.Azamgir

General Manager (Finance Department)
Bangladesh Shipping Corporation (BSC)

Phone Number: 01894-509981, 031-710149

E-mail: gm-fnp2@bsc.gov.bd

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