ISLAMIC UNIVERSITY OF TECHNOLOGY

Organization of Islamic Cooperation

Board Bazar, Gazipur

Financial Statement Analysis

of

Dhaka Electric Supply Company Ltd. (DESCO)

and

TITAS Gas Transmission & Distribution Company Ltd.

HUM 4641

Department of Computer Science and Engineering

6th Semester

20th March, 2022

**Table of Contents**

[Introduction 3](#_Toc98666946)

[Vertical Analysis 4](#_Toc98666947)

[Statement of Financial Position 4](#_Toc98666948)

[DESCO 4](#_Toc98666949)

[TITAS 6](#_Toc98666950)

[Intercompany 8](#_Toc98666951)

[Statement of Comprehensive Income 10](#_Toc98666952)

[DESCO 10](#_Toc98666953)

[TITAS 12](#_Toc98666954)

[Intercompany 13](#_Toc98666955)

[Horizontal Analysis 15](#_Toc98666956)

[Statement of Financial Position 15](#_Toc98666957)

[DESCO 15](#_Toc98666958)

[TITAS 17](#_Toc98666959)

[Intercompany 19](#_Toc98666960)

[Statement of Comprehensive Income 22](#_Toc98666961)

[DESCO 22](#_Toc98666962)

[TITAS 24](#_Toc98666963)

[Intercompany 26](#_Toc98666964)

[Ratio Analysis 28](#_Toc98666965)

[Current Ratio 28](#_Toc98666966)

[Acid-Test Ratio 29](#_Toc98666967)

[Receivables Turnover 30](#_Toc98666968)

[Inventory Turnover 31](#_Toc98666969)

[Profit Margin 32](#_Toc98666970)

[Asset Turnover 33](#_Toc98666971)

[Return on Assets 34](#_Toc98666972)

[Return on Common Stockholder’s Equity 35](#_Toc98666973)

[Payout Ratio 36](#_Toc98666974)

[Debt to Total Assets Ratio 37](#_Toc98666975)

# Introduction

When it comes to making decisions, financial statement analysis is essential. Internal and external stakeholders distribute or reduce investments in various areas based on the findings. It is particularly crucial for organizations that offer loans or capital since it provides a source of unbiased information about a company’s financial position. If the study provides a positive result, it is safer to invest in the firm. As a result, it's evident that financial statement analysis is important in management accounting.

The financial analysis of two well-known government-owned enterprises in Bangladesh is presented in this report:  Dhaka Electric Supply Company Ltd. (DESCO) and TITAS Gas Transmission and Distribution Company Limited (TITAS). The annual reports of both companies for fiscal years 2018-2019, 2019-2020, and 2020-2021 were gathered from the internet for the purpose of generating this report. The reports were taken into account. After that, both companies' balance sheets and income statements for the fiscal year 2020-2021 were subjected to a horizontal analysis.

After that, an inter-company vertical analysis is performed on both the Balance Sheet and the Income Statement to compare the financial statements of the two companies.

Finally, the companies were subjected to ratio analysis for the years 2020 and 2021. The summary for each of the ratios is shown by bar charts, which are followed by short interpretations.

# Vertical Analysis

## Statement of Financial Position

### DESCO

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **June 30, 2021** | | **June 30, 2020** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **52,202,477,849** | **65.96%** | **40,585,729,350** | **57.40%** |
| Property, Plant and Equipment | 39,548,331,203 | 49.97% | 22,150,701,332 | 31.33% |
| Intangible Assets | 124,793,379 | 0.16% | 93,234,096 | 0.13% |
| Capital Work-in-progress | 12,529,353,267 | 15.83% | 18,341,793,922 | 25.94% |
| **Current Assets** | **26,940,114,942** | **34.04%** | **30,117,446,368** | **42.60%** |
| Stores and Spares | 5,114,329,315 | 6.46% | 7,087,670,344 | 10.02% |
| Accounts Receivable | 4,435,002,777 | 5.60% | 6,067,376,813 | 8.58% |
| Advances and Security Deposits | 853,378,220 | 1.08% | 717,287,891 | 1.01% |
| Advance Income Tax | 1,380,223,795 | 1.74% | 1,272,356,002 | 1.80% |
| Investment in FDR | 9,593,600,673 | 12.12% | 9,400,285,454 | 13.30% |
| Cash and Cash Equivalents | 5,563,580,163 | 7.03% | 5,572,469,864 | 7.88% |
| **Total Assets** | **79,142,592,791** | **100.00%** | **70,703,175,717** | **100.00%** |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves** | **25,938,786,858** | **32.77%** | **18,589,300,583** | **26.29%** |
| Share Capital | 3,975,698,040 | 5.02% | 3,975,698,040 | 5.62% |
| GOB Equity | 6,073,935,130 | 7.67% | 5,926,920,000 | 8.38% |
| Revaluation Surplus | 6,860,905,776 | 8.67% | - | - |
| Retained Earnings | 9,028,247,913 | 11.41% | 8,686,682,543 | 12.29% |
| **Long-term Liabilities** | **35,182,962,340** | **44.46%** | **33,913,532,799** | **47.97%** |
| Long Term Loans (ADB ,GOB ,AIIB & JICA) | 25,443,619,386 | 32.15% | 24,332,690,791 | 34.42% |
| Deferred Tax Liability | 2,820,375,998 | 3.56% | 2,587,027,672 | 3.66% |
| Due to DESA / DPDC (for assets taken over) | 3,557,106,531 | 4.49% | 3,840,410,313 | 5.43% |
| Consumer Security Deposits | 3,329,069,121 | 4.21% | 3,125,080,093 | 4.42% |
| Lease Liability (Operating lease) | 32,791,304 | 0.04% | 28,323,929 | 0.04% |
| **Current Liabilities** | **18,020,843,592** | **22.77%** | **18,200,342,334** | **25.74%** |
| Accounts Payable | 7,578,095,838 | 9.58% | 6,383,646,601 | 9.03% |
| Creditors for Goods/Works | 308,278,780 | 0.39% | 937,618,707 | 1.33% |
| Others liabilities | 3,210,026,557 | 4.06% | 3,837,288,426 | 5.43% |
| Liabilities for Expenses | 422,822,268 | 0.53% | 903,503,600 | 1.28% |
| Current Maturity of Long-term Loans | 1,838,639,479 | 2.32% | 531,940,185 | 0.75% |
| Accrued Interest on Loans | 4,183,456,642 | 5.29% | 3,382,932,601 | 4.78% |
| Workers Profit Participation Fund (WPPF) | 177,158,664 | 0.22% | 142,306,595 | 0.20% |
| Provision for Income Tax | 302,365,363 | 0.38% | 260,110,605 | 0.37% |
| Loan under Secured Over Draft | - | - | 1,820,995,013 | 2.58% |
| **Total Equity and Liabilities** | **79,142,592,791** | **100.00%** | **70,703,175,717** | **100.00%** |

**Interpretation**: As we can see from the table, amount in 2021 is higher than the amount in 2020 in the Financial Statement. Property, Plant and Equipment covers almost 50% of the Total Assets and Long term loans covering 32.15% of Total Equity and Liability, making them very impactful in the Financial Position of the company.

### TITAS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **June 30, 2021** | | **June 30, 2020** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **53,195,628,122.00** | **29.47%** | **58,738,552,101.00** | **32.52%** |
| Property, plant & equipment (at cost less Depreciation) | 9,791,916,871.00 | 5.42% | 10,466,986,084.00 | 5.80% |
| Capital Work-in-progress | 5,213,740,929.00 | 2.89% | 4,472,865,231.00 | 2.48% |
| Investments | 23,808,720,467.00 | 13.19% | 28,644,322,628.00 | 15.86% |
| Inter-company loan | 11,232,499,000.00 | 6.22% | 11,937,240,500.00 | 6.61% |
| Loan to employees | 3,148,750,855.00 | 1.74% | 3,217,137,659.00 | 1.78% |
| **Current Assets** | **127,327,858,394.00** | **70.53%** | **121,857,457,009.00** | **67.48%** |
| Inventories | 1,772,973,544.00 | 0.98% | 1,848,970,963.00 | 1.02% |
| Trade receivables less provision for bad and doubtful debt | 57,760,876,654.00 | 32.00% | 58,673,609,817.00 | 32.49% |
| Advance, deposit & prepayments | 43,104,658,657.00 | 23.88% | 38,585,985,166.00 | 21.37% |
| Group current accounts | 426,074,971.00 | 0.24% | 401,321,282.00 | 0.22% |
| Other current assets | 1,801,313,630.00 | 1.00% | 2,452,210,667.00 | 1.36% |
| Cash and Cash Equivalents | 22,461,960,938.00 | 12.44% | 19,895,359,114.00 | 11.02% |
| **Total Assets** | **180,523,486,516.00** | **100.00%** | **180,596,009,109.00** | **100.00%** |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders’ Equity** | **71,783,221,940.00** | **39.76%** | **70,621,664,474.00** | **39.10%** |
| Share Capital | 9,892,218,310.00 | 5.48% | 9,892,218,310.00 | 5.48% |
| Share money deposit | 2,057,918,478.00 | 1.14% | 1,784,948,408.00 | 0.99% |
| Reserve fund | 809,637,892.00 | 0.45% | 808,827,341.00 | 0.45% |
| Retained Earnings | 59,023,447,260.00 | 32.70% | 58,135,670,415.00 | 32.19% |
| **Non-Current Liabilities** | **29,563,592,263.00** | **16.38%** | **27,105,613,285.00** | **15.01%** |
| Long term loans (net of current maturity) | 3,226,815,057.00 | 1.79% | 2,903,990,031.00 | 1.61% |
| Deferred tax liability | 970,452,305.00 | 0.54% | 1,112,618,020.00 | 0.62% |
| Retirement benefit obligations | 2,404,561,924.00 | 1.33% | 2,036,695,309.00 | 1.13% |
| Leave pay | 151,913,822.00 | 0.08% | 193,120,115.00 | 0.11% |
| Customers' security deposits | 22,809,849,155.00 | 12.64% | 20,859,189,810.00 | 11.55% |
| **Current Liabilities** | **79,176,672,313.00** | **43.86%** | **82,868,731,349.00** | **45.89%** |
| Current portion of loans term loans | 86,789,381.00 | 0.05% | 86,740,830.00 | 0.05% |
| Trade payables | 43,889,458,504.00 | 24.31% | 49,602,281,434.00 | 27.47% |
| Group current accounts | 824,973,987.00 | 0.46% | 643,596,745.00 | 0.36% |
| Workers' profit participation fund (WPPF) and WF payable | 151,100,432.00 | 0.08% | 266,713,626.00 | 0.15% |
| Provision for income tax | 31,191,578,011.00 | 17.28% | 30,177,670,929.00 | 16.71% |
| Liabilities for expenses | 3,032,771,998.00 | 1.68% | 2,091,727,785.00 | 1.16% |
| **Total Equity and Liabilities** | **180,523,486,516.00** | **100.00%** | **180,596,009,109.00** | **100.00%** |

**Interpretation**: By performing Vertical Analysis of TITAS group, we found out that that the amount in both years is similar, though there is a small drop in 2021 compared to 2020. Investments had a big contribution for Non-current Assets in both years and Trade receivables less provision for bad and doubtful debt had a contribution of above 30% in both the years. Trade payables also contributed largely in Liabilities for both years.

### Intercompany

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **DESCO** | | **TITAS** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **52,202,477,849.00** | **65.96%** | **53,195,628,122.00** | **29.47** |
| Property, Plant and Equipment | 39,548,331,203.00 | 49.97% | - | - |
| Intangible Assets | 124,793,379.00 | 0.16% | - | - |
| Investments | - | - | 23,808,720,467.00 | 13.19% |
| Inter-company loan | - | - | 11,232,499,000.00 | 6.22% |
| Loan to employees | - | - | 3,148,750,855.00 | 1.74% |
| Property, plant & equipment (at cost less Depreciation) | - | - | 9,791,916,871.00 | 5.42% |
| Capital Work-in-progress | 12,529,353,267.00 | 15.83% | 5,213,740,929.00 | 2.89% |
| **Current Assets** | **26,940,114,942.00** | **34.04%** | **127,327,858,394.00** | **70.53%** |
| Stores and Spares | 5,114,329,315.00 | 6.46% | - | - |
| Accounts Receivable | 4,435,002,777.00 | 5.60% | - | **-** |
| Advances and Security Deposits | 853,378,220.00 | 1.08% | - | - |
| Trade receivables less provision for bad and doubtful debt | - | - | 57,760,876,654.00 | 32% |
| Other current assets | - | - | 1,801,313,630.00 | 1% |
| Group current accounts | - | - | 426,074,971.00 | 0.24% |
| Advance, deposit & prepayments | - | - | 43,104,658,657.00 | 23.88% |
| Inventories | - | - | 1,772,973,544.00 | 0.98% |
| Advance Income Tax | 1,380,223,795.00 | 1.74% | - | - |
| Investment in FDR | 9,593,600,673.00 | 12.12% | - | - |
| Cash and Cash Equivalents | 5,563,580,163.00 | 7.03% | 22,461,960,938.00 | 12.44% |
| **Total Assets** | **79,142,592,791.00** | **100%** | **180,523,486,516.00** | **100%** |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves** | **25,938,786,858.00** | **32.77%** | - | - |
| **Shareholders’ Equity** | - | - | **71,783,221,940.00** | **39.76%** |
| Share money deposit | - | - | 2,057,918,478.00 | 1.14% |
| Reserve fund | - | - | 809,637,892.00 | 0.45% |
| Share Capital | 3,975,698,040 | 5.02% | 9,892,218,310.00 | 5.48% |
| GOB Equity | 6,073,935,130.00 | 7.67% | - | - |
| Revaluation Surplus | 6,860,905,776.00 | 8.67% | - | - |
| Retained Earnings | 9,028,247,913.00 | 11.41% | 59,023,447,260.00 | 32.70% |
| **Long-term Liabilities** | **35,182,962,340.00** | **44.46%** | - | - |
| **Non-Current Liabilities** | - | - | **29,563,592,263.00** | **16.38%** |
| Long Term Loans (ADB ,GOB ,AIIB & JICA) | 25,443,619,386.00 | 32.15% | - | - |
| Long term loans (net of current maturity) | - | - | 3,226,815,057.00 | 1.79% |
| Retirement benefit obligations | - | - | 970,452,305.00 | 1.33% |
| Deferred Tax Liability | 2,820,375,998 | 3.56% | 2,404,561,924.00 | 0.54% |
| Leave pay | - | - | 151,913,822.00 | 0.08% |
| Due to DESA / DPDC (for assets taken over) | 3,557,106,531.00 | 4.49% | - | - |
| Consumer Security Deposits | 3,329,069,121.00 | 4.21% | 22,809,849,155.00 | 12.64% |
| Lease Liability (Operating lease) | 32,791,304.00 | 0.04% | - | - |
| **Current Liabilities** | **18,020,843,592.00** | **22.77%** | **79,176,672,313.00** | **43.86%** |
| Accounts Payable | 7,578,095,838.00 | 9.58% | - | - |
| Trade payables | - | - | 43,889,458,504.00 | 24.31% |
| Creditors for Goods/Works | 308,278,780.00 | 0.39% | - | - |
| Current portion of loans term loans | - | - | 86,789,381.00 | 0.05% |
| Others liabilities | 3,210,026,557.00 | 4.06% | - | - |
| Group current accounts | - | - | 824,973,987.00 | 0.46% |
| Liabilities for Expenses | 422,822,268.00 | 0.53% | 3,032,771,998.00 | 1.68% |
| Current Maturity of Long-term Loans | 1,838,639,479.00 | 2.32% | - | - |
| Accrued Interest on Loans | 4,183,456,642.00 | 5.29% | - | - |
| Workers Profit Participation Fund (WPPF) | 177,158,664.00 | 0.22% | 151,100,432.00 | 0.08% |
| Provision for Income Tax | 302,365,363.00 | 0.38% | 31,191,578,011.00 | 17.28% |
| **Total Equity and Liabilities** | **79,142,592,791.00** | **100%** | **180,523,486,516** | **100.00%** |

**Interpretation**: As we can see from the intercompany table, TITAS has almost double the amount compared to DESCO in their Financial Position. This is due to DESCO having a much higher current assets and current liabilities compared to TITAS in 2021.

## Statement of Comprehensive Income

### DESCO

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **July 01, 2020 to June 30, 2021** | | **July 01, 2019 to June 30, 2020** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **Distribution Revenue** | **4,603,084,565.00** | **10.59%** | **4,323,577,620.00** | **10.97%** |
| Energy Sales (Net of VAT) | 43,470,529,706.00 | 100.00% | 39,423,939,203.00 | 100.00% |
| Less: Energy Purchase (including wheeling charge) | 38,867,445,141.00 | 89.41% | 35,100,361,583.00 | 89.03% |
| Other Operating Revenue | 579,516,404.00 | 1.33% | 347,124,656.00 | 0.88% |
| Late Payment Charge | 332,198,405.00 | 0.76% | 287,114,418.00 | 0.73% |
| **Total Operating Revenue** | **5,514,799,374.00** | **12.69%** | **4,957,816,694.00** | **12.58%** |
| **Less: Cost of Energy Sales** | **2,326,933,433.00** | **5.35%** | **1,865,376,127.00** | **4.73%** |
| Direct Operating Expenses | 837,282,121.00 | 1.93% | 666,391,356.00 | 1.69% |
| Depreciation (Direct) | 1,489,651,312.00 | 3.43% | 1,198,984,771.00 | 3.04% |
| **Gross Profit** | **3,187,865,940.00** | **7.33%** | **3,092,440,567.00** | **7.84%** |
| **Less: Operating Expenses** | **2,972,738,088.00** | **6.84%** | **2,545,036,938.00** | **6.46%** |
| Administrative Expenses | 433,141,428.00 | 1.00% | 431,804,471.00 | 1.10% |
| Employee Expenses | 2,447,704,293.00 | 5.63% | 2,016,465,545.00 | 5.11% |
| Bad Debts Expenses | (4,589,389.00) | (0.01)% | 4,280,828.00 | 0.01% |
| Depreciation (Indirect) | 96,481,757.00 | 0.22% | 92,486,093.00 | 0.23% |
| **Add : Other Operating Income:** | **1,527,660,353.00** | **3.51%** | **1,424,859,938.00** | **3.61%** |
| Interest Income | 735,509,818.00 | 1.69% | 940,761,015.00 | 2.39% |
| Miscellaneous Income | 75,505,242.00 | 0.17% | 65,945,684.00 | 0.17% |
| Others Income | 716,645,293.00 | 1.65% | 418,153,239.00 | 1.06% |
| **Total Operating Profit / (Loss)** | **1,742,788,205.00** | **4.01%** | **1,972,263,568.00** | **5.00%** |
| **Add: Non-operating Income/(Expense)** | **(1,010,894,757.00)** | **(2.33)%** | **(1,073,190,831.00)** | **(2.72)%** |
| Finance cost | (1,014,257,649.00) | (2.33)% | (981,984,580.00) | (2.49)% |
| Exchange Fluctuation Gain / (Loss) | 3,362,892.00 | 0.01% | (91,206,250.00) | (0.23)% |
| **Net Profit Before contribution to WPPF** | **731,893,448.00** | **1.68%** | **899,072,737.00** | **2.28%** |
| Less: Contribution to WPPF | 34,852,069.00 | 0.08% | 42,812,987.00 | 0.11% |
| **Net Profit Before Tax** | **697,041,379.00** | **1.60%** | **856,259,750.00** | **2.17%** |
| **Income Tax** | **42,093,794.00** | **0.10%** | **(400,612,901.00)** | **(1.02)%** |
| Current Tax Expenses | (42,254,758.00) | (0.10)% | (170,584,141.00) | (0.43)% |
| Deferred Tax Income/(Expenses) | 84,348,553.00 | 0.19% | (230,028,760.00) | (0.58)% |
| **Profit or Loss** | **739,135,174.00** | **1.70%** | **455,646,848.00** | **1.16%** |
| **Other Comprehensive Income** |  |  |  |  |
| Gain on Revaluation of asset | 7,178,602,654.00 | 16.51% | - | - |
| Less: deferred tax on Revaluation gain | (317,696,879.00) | (0.73)% | - | - |
| **Total Other Comprehensive Income** | **6,860,905,776.00** | **15.78%** | - | - |
| **Total Profit or Loss and Other Comprehensive Income** | **7,600,040,950.00** | **17.48%** | **455,646,848.00** | **1.16%** |

**Interpretation**: DESCO had a comparatively higher profit of 17.48% from 2020 to 2021 compared to 1.16% profit only from 2019 to 2020. This is mainly due to a Gain on Revaluation of Assets with a value of 16.51% from 2020 to 2021 and Other Comprehensive Incomes which gained around 15.78% increase from 2020 to 2021, both of these were not included in the 2019-2020 Comprehensive Income.

### TITAS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **2020-2021** | | **2019-2020** | |
| **Amount in taka** | **Percentage** | **Amount in taka** | **Percentage** |
| **Revenue** | **178,662,338,030.00** | **100.00%** | **169,879,389,331.00** | **100.00%** |
| Less: Cost of sales | 171,881,153,522.00 | 96.20% | 163,685,237,663.00 | 96.35% |
| **Gross Profit** | **6,781,184,508.00** | **3.80%** | **6,194,151,668.00** | **3.65%** |
| Less: Operating expenses | 4,815,083,798.00 | 2.70% | 5,191,011,977.00 | 3.06% |
| General administrative expenses | 4,621,793,816.00 | 2.59% | 5,114,564,330.00 | 3.01% |
| Transmission & distribution expenses | 193,289,982.00 | 0.11% | 76,447,647.00 | 0.05% |
| Other operating income | 123,094,057.00 | 0.07% | 111,294,960.00 | 0.07% |
| **Gross Operating Profit for the year** | **2,089,194,767.00** | **1.17%** | **1,114,434,650.00** | **0.66%** |
| Less: Finance cost | 41,652,006.00 | 0.02% | 41,989,714.00 | 0.02% |
| **Net Operating Profit for the year** | **2,047,542,761.00** | **1.15%** | **1,072,444,936.00** | **0.63%** |
| Add: Non operating income | 2,511,925,632.00 | 1.41% | 4,239,230,778.00 | 2.50% |
| Investment income | 1,621,648,334.00 | 0.91% | 3,167,379,349.00 | 1.86% |
| Finance income | 890,277,298.00 | 0.50% | 1,071,851,428.00 | 0.63% |
| **Profit before WPPF and WF** | **4,559,468,393.00** | **2.55%** | **5,311,675,714.00** | **3.13%** |
| Less: Provision for contribution to WPPF & WF | 227,973,420.00 | 0.13% | 265,583,786.00 | 0.16% |
| **Profit before income tax** | **4,331,494,973.00** | **2.42%** | **5,046,091,928.00** | **2.97%** |
| Less: Income tax expense | 871,741,367.00 | 0.49% | 1,448,028,425.00 | 0.85% |
| Current tax | 1,013,907,082.00 | 0.57% | 1,508,264,490.00 | 0.89% |
| Deferred tax (income)/expense | (142,165,715.00) | (0.08)% | (60,236,065.00) | (0.04)% |
| **Net profit after income tax** | **3,459,753,606.00** | **1.94%** | **3,598,063,503.00** | **2.12%** |
| Other comprehensive income | 810,550.00 | 0.00% | (748,200.00) | 0.00% |
| **Total comprehensive income** | **3,460,564,156.00** | **1.94%** | **3,597,315,303.00** | **2.12%** |

**Interpretation**: In 2020-21 and 2019-20, TITAS had a good amount of increase in their total comprehensive income with 1.94% and 2.12% respectively. Gross profit was more than 3% for both cases, with most of the Particulars having a similar rise and fall in 2020-21 and 2019-20.

### Intercompany

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **DESCO** | | **TITAS** | |
| **Amount** | **Percentage** | **Amount** | **Percentage** |
| **Distribution Revenue** | **4,603,084,565.00** | **10.59%** | **178,662,338,030.00** | **100%** |
| Energy Sales (Net of VAT) | 43,470,529,706.00 | 100.00% | - | - |
| Less: Energy Purchase (including wheeling charge) | 38,867,445,141.00 | 89.41% | - | - |
| Other Operating Revenue | 579,516,404.00 | 1.33% | - | - |
| Late Payment Charge | 332,198,405.00 | 0.76% | - | - |
| **Total Operating Revenue** | **5,514,799,374.00** | **12.69%** | **-** | **-** |
| **Less: Cost of Energy Sales** | **2,326,933,433.00** | **5.35%** | **171,881,153,522.00** | **96.20%** |
| Direct Operating Expenses | 837,282,121.00 | 1.93% | 4,815,083,798.00 | 2.70% |
| Depreciation (Direct) | 1,489,651,312.00 | 3.43% | - | - |
| **Gross Profit** | **3,187,865,940.00** | **7.33%** | **6,781,184,508.00** | **3.80%** |
| **Gross Operating Profit for the year** | **-** | **-** | **2,089,194,767.00** | **1.17%** |
| **Less: Operating Expenses** | **2,972,738,088.00** | **6.84%** | **-** | **-** |
| Administrative Expenses | 433,141,428.00 | 1.00% | 4,621,793,816.00 | 2.59% |
| Employee Expenses | 2,447,704,293.00 | 5.63% | - | - |
| Bad Debts Expenses | (4,589,389.00) | (0.01)% | - | - |
| Depreciation (Indirect) | 96,481,757.00 | 0.22% | - | - |
| Transmission & distribution expenses | - | - | 193,289,982.00 | 0.11% |
| **Add : Other Operating Income:** | **1,527,660,353.00** | **3.51%** | **123,094,057.00** | **0.07%** |
| Investment income | - | - | 1,621,648,334.00 | 0.91% |
| Interest Income | 735,509,818.00 | 1.69% | - | - |
| Miscellaneous Income | 75,505,242.00 | 0.17% | - | - |
| Finance income | - | - | 890,277,298.00 | 0.50% |
| Add: Non operating income | - | - | 2,511,925,632.00 | 1.41% |
| Others Income | 716,645,293.00 | 1.65% | - | - |
| **Total Operating Profit / (Loss)** | **1,742,788,205.00** | **4.01%** | **2,047,542,761.00** | **1.15%** |
| **Add: Non-operating Income/(Expense)** | **(1,010,894,757.00)** | **(2.33)%** | **-** | **-** |
| Finance cost | (1,014,257,649.00) | (2.33)% | (41,652,006.00) | (0.02)% |
| Exchange Fluctuation Gain / (Loss) | 3,362,892.00 | 0.01% | - | - |
| **Net Profit Before contribution to WPPF** | **731,893,448.00** | **1.68%** | **4,559,468,393.00** | **2.55%** |
| Less: Contribution to WPPF | 34,852,069.00 | 0.08% | 227,973,420.00 | 0.13% |
| **Net Profit Before Tax** | **697,041,379.00** | **1.60%** | **4,331,494,973.00** | **2.42%** |
| **Income Tax** | **42,093,794.00** | **0.10%** | **871,741,367.00** | **0.49%** |
| Current Tax Expenses | (42,254,758.00) | (0.10)% | 1,013,907,082.00 | 0.57% |
| Deferred Tax Income/(Expenses) | 84,348,553.00 | 0.19% | (142,165,715.00) | (0.08)% |
| **Net profit after income tax** | **739,135,174.00** | **1.70%** | **3,459,753,606.00** | **1.94%** |
| **Other Comprehensive Income** | - | - | **-** | **-** |
| Gain on Revaluation of asset | 7,178,602,654.00 | 16.51% | - | - |
| Less: deferred tax on Revaluation gain | (317,696,879.00) | (0.73)% | - | - |
| **Total Other Comprehensive Income** | **6,860,905,776.00** | **15.78%** | **810,550.00** | **0%** |
| **Total Profit or Loss and Other Comprehensive Income** | **7,600,040,950.00** | **17.48%** | **3,460,564,156.00** | **1.94%** |

**Interpretation**: DESCO had a profit of 17.48% compared to TITAS with only 1.94% profit. In most cases, DESCO had a higher percentage compared to TITAS, especially in Gross Profits, Total Operating Revenue and Profit, Other Operating Income and Other Comprehensive Income. On the other hand, TITAS had a huge cost of Energy Sales of 96.2% compared to DESCO’s 5.35%. This is why DESCO had a comparatively higher profit.

# Horizontal Analysis

## Statement of Financial Position

### DESCO

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Titles** | **Amount in Taka** | | **Increase/Decrease during 2021** | |
| **June 30, 2021** | **June 30, 2020** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **52,202,477,849.00** | **40,585,729,350.00** | **11,616,748,499.00** | **28.62 %** |
| Property, Plant and Equipment | 39,548,331,203.00 | 22,150,701,332.00 | 17,397,629,871.00 | 78.54 % |
| Intangible Assets | 124,793,379.00 | 93,234,096.00 | 31,559,283.00 | 33.85 % |
| Capital Work-in-progress | 12,529,353,267.00 | 18,341,793,922.00 | (5,812,440,655.00) | (31.69)% |
| **Current Assets** | **26,940,114,942.00** | **30,117,446,368.00** | **(3,177,331,426.00)** | **(10.55)%** |
| Stores and Spares | 5,114,329,315.00 | 7,087,670,344.00 | (1,973,341,029.00) | (27.84)% |
| Accounts Receivable | 4,435,002,777.00 | 6,067,376,813.00 | (1,632,374,036.00) | (26.90)% |
| Advances and Security Deposits | 853,378,220.00 | 717,287,891.00 | 136,090,329.00 | 18.97 % |
| Advance Income Tax | 1,380,223,795.00 | 1,272,356,002.00 | 107,867,793.00 | 8.48 % |
| Investment in FDR | 9,593,600,673.00 | 9,400,285,454.00 | 193,315,219.00 | 2.06 % |
| Cash and Cash Equivalents | 5,563,580,163.00 | 5,572,469,864.00 | (8,889,701.00) | (0.16)% |
| **Total Assets** | **79,142,592,791.00** | **70,703,175,717.00** | **8,439,417,074.00** | **11.94 %** |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves** | **25,938,786,858.00** | **18,589,300,583.00** | **7,349,486,275.00** | **39.54 %** |
| Share Capital | 3,975,698,040.00 | 3,975,698,040.00 | 0.00 | 0.00 % |
| GOB Equity | 6,073,935,130.00 | 5,926,920,000.00 | 147,015,130.00 | 2.48 % |
| Revaluation Surplus | 6,860,905,776.00 | - | 6,860,905,776.00 | - |
| Retained Earnings | 9,028,247,913.00 | 8,686,682,543.00 | 341,565,370.00 | 3.93 % |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Long-term Liabilities** | **35,182,962,340.00** | **33,913,532,799.00** | **1,269,429,541.00** | **3.74 %** |
| Long Term Loans (ADB ,GOB ,AIIB & JICA) | 25,443,619,386.00 | 24,332,690,791.00 | 1,110,928,595.00 | 4.57 % |
| Deferred Tax Liability | 2,820,375,998.00 | 2,587,027,672.00 | 233,348,326.00 | 9.02 % |
| Due to DESA / DPDC (for assets taken over) | 3,557,106,531.00 | 3,840,410,313.00 | (283,303,782.00) | (7.38)% |
| Consumer Security Deposits | 3,329,069,121.00 | 3,125,080,093.00 | 203,989,028.00 | 6.53 % |
| Lease Liability (Operating lease) | 32,791,304.00 | 28,323,929.00 | 4,467,375.00 | 15.77 % |
| **Current Liabilities** | **18,020,843,592.00** | **18,200,342,334.00** | **(179,498,742.00)** | **(0.99)%** |
| Accounts Payable | 7,578,095,838.00 | 6,383,646,601.00 | 1,194,449,237.00 | 18.71 % |
| Creditors for Goods/Works | 308,278,780.00 | 937,618,707.00 | (629,339,927.00) | (67.12)% |
| Others liabilities | 3,210,026,557.00 | 3,837,288,426.00 | (627,261,869.00) | (16.35)% |
| Liabilities for Expenses | 422,822,268.00 | 903,503,600.00 | (480,681,332.00) | (53.20)% |
| Current Maturity of Long-term Loans | 1,838,639,479.00 | 531,940,185.00 | 1,306,699,294.00 | 245.65 % |
| Accrued Interest on Loans | 4,183,456,642.00 | 3,382,932,601.00 | 800,524,041.00 | 23.66 % |
| Workers Profit Participation Fund (WPPF) | 177,158,664.00 | 142,306,595.00 | 34,852,069.00 | 24.49 % |
| Provision for Income Tax | 302,365,363.00 | 260,110,605.00 | 42,254,758.00 | 16.24 % |
| Loan under Secured Over Draft | - | 1,820,995,013.00 | (1,820,995,013.00) | (100.00)% |
| **Total Equity and Liabilities** | **79,142,592,791.00** | **70,703,175,717.00** | **8,439,417,074.00** | **11.94 %** |

**Interpretation**: There is an overall 11.94% increase from 2020 to 2021 for DESCO. Property, Plant and Equipment had an increase of 78.54% in Total Assets. Current Maturity of Long-term loans had an increase of 245% in Total Equity and Liabilities section of the company.

### TITAS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Titles** | **Amount in Taka** | | **Increase/Decrease during 2021** | |
| **June 30, 2021** | **June 30, 2020** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **53,195,628,122.00** | **58,738,552,101.00** | **(5,542,923,979.00)** | **(9.44)%** |
| Property, plant & equipment (at cost less Depreciation) | 9,791,916,871.00 | 10,466,986,084.00 | (675,069,213.00) | (6.45)% |
| Capital Work-in-progress | 5,213,740,929.00 | 4,472,865,231.00 | 740,875,698.00 | 16.56 % |
| Investments | 23,808,720,467.00 | 28,644,322,628.00 | (4,835,602,161.00) | (16.88)% |
| Inter-company loan | 11,232,499,000.00 | 11,937,240,500.00 | (704,741,500.00) | (5.90)% |
| Loan to employees | 3,148,750,855.00 | 3,217,137,659.00 | (68,386,804.00) | (2.13)% |
| **Current Assets** | **127,327,858,394.00** | **121,857,457,009.00** | **5,470,401,385.00** | **4.49 %** |
| Inventories | 1,772,973,544.00 | 1,848,970,963.00 | (75,997,419.00) | (4.11)% |
| Trade receivables less provision for bad and doubtful debt | 57,760,876,654.00 | 58,673,609,817.00 | (912,733,163.00) | (1.56)% |
| Advance, deposit & prepayments | 43,104,658,657.00 | 38,585,985,166.00 | 4,518,673,491.00 | 11.71 % |
| Group current accounts | 426,074,971.00 | 401,321,282.00 | 24,753,689.00 | 6.17 % |
| Other current assets | 1,801,313,630.00 | 2,452,210,667.00 | (650,897,037.00) | (26.54)% |
| Cash and Cash Equivalents | 22,461,960,938.00 | 19,895,359,114.00 | 2,566,601,824.00 | 12.90 % |
| **Total Assets** | **180,523,486,516.00** | **180,596,009,109.00** | **(72,522,593.00)** | **(0.04)%** |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders’ Equity** | **71,783,221,940.00** | **70,621,664,474.00** | **1,161,557,466.00** | **1.64 %** |
| Share Capital | 9,892,218,310.00 | 9,892,218,310.00 | 0.00 | 0.00 % |
| Share money deposit | 2,057,918,478.00 | 1,784,948,408.00 | 272,970,070.00 | 15.29 % |
| Reserve fund | 809,637,892.00 | 808,827,341.00 | 810,551.00 | 0.10 % |
| Retained Earnings | 59,023,447,260.00 | 58,135,670,415.00 | 887,776,845.00 | 1.53 % |
| **Non-Current Liabilities** | **29,563,592,263.00** | **27,105,613,285.00** | **2,457,978,978.00** | **9.07 %** |
| Long term loans (net of current maturity) | 3,226,815,057.00 | 2,903,990,031.00 | 322,825,026.00 | 11.12 % |
| Deferred tax liability | 970,452,305.00 | 1,112,618,020.00 | (142,165,715.00) | (12.78)% |
| Retirement benefit obligations | 2,404,561,924.00 | 2,036,695,309.00 | 367,866,615.00 | 18.06 % |
| Leave pay | 151,913,822.00 | 193,120,115.00 | (41,206,293.00) | (21.34)% |
| Customers' security deposits | 22,809,849,155.00 | 20,859,189,810.00 | 1,950,659,345.00 | 9.35 % |
| **Current Liabilities** | **79,176,672,313.00** | **82,868,731,349.00** | **(3,692,059,036.00)** | **(4.46)%** |
| Current portion of loans term loans | 86,789,381.00 | 86,740,830.00 | 48,551.00 | 0.06 % |
| Trade payables | 43,889,458,504.00 | 49,602,281,434.00 | (5,712,822,930.00) | (11.52)% |
| Group current accounts | 824,973,987.00 | 643,596,745.00 | 181,377,242.00 | 28.18 % |
| Workers' profit participation fund (WPPF) and WF payable | 151,100,432.00 | 266,713,626.00 | (115,613,194.00) | (43.35)% |
| Provision for income tax | 31,191,578,011.00 | 30,177,670,929.00 | 1,013,907,082.00 | 3.36 % |
| Liabilities for expenses | 3,032,771,998.00 | 2,091,727,785.00 | 941,044,213.00 | 44.99 % |
| **Total Equity and Liabilities** | **180,523,486,516.00** | **180,596,009,109.00** | **(72,522,593.00)** | **(0.04)%** |

**Interpretation**: There is only a difference of 0.04% from 2020 to 2021 for TITAS. Liabilities for Expenses had an increase of around 45% which is the largest contribution of the Liabilities of the company.

### Intercompany

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Titles** | **DESCO** | | **TITAS** | |
| **Increase/Decrease**  **during 2021** | | **Increase/Decrease**  **during 2021** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **ASSETS** | | | | |
| **Non-current Assets** | **11,616,748,499.00** | **28.62 %** | **(5,542,923,979.00)** | **(9.44)%** |
| Property, plant & equipment (at cost less Depreciation) | 17,397,629,871.00 | 78.54 % | (675,069,213.00) | (6.45)% |
| Capital Work-in-progress | (5,812,440,655.00) | (31.69)% | 740,875,698.00 | 16.56 % |
| Investments | - | - | (4,835,602,161.00) | (16.88)% |
| Inter-company loan | - | - | (704,741,500.00) | (5.90)% |
| Loan to employees | - | - | (68,386,804.00) | (2.13)% |
| Intangible Assets | 31,559,283.00 | 33.85 % | - | - |
| **Current Assets** | **(3,177,331,426.00)** | **(10.55)%** | **5,470,401,385.00** | **4.49 %** |
| Inventories/Stores and Spares | (1,973,341,029.00) | (27.84)% | (75,997,419.00) | (4.11)% |
| Trade receivables less provision for bad and doubtful debt | - | - | (912,733,163.00) | (1.56)% |
| Advance, deposit, prepayments and advance income tax | 243,958,122.00 | 27.45 % | 4,518,673,491.00 | 11.71 % |
| Group current accounts | - | - | 24,753,689.00 | 6.17 % |
| Other current assets | - | - | (650,897,037.00) | (26.54)% |
| Cash and Cash Equivalents | (8,889,701.00) | (0.16)% | 2,566,601,824.00 | 12.90 % |
| Accounts Receivable | (1,632,374,036.00) | (26.90)% | - | - |
| Investment in FDR | 193,315,219.00 | 2.06 % | - | - |
| **Total Assets** | **8,439,417,074.00** | **11.94 %** | **(72,522,593.00)** | **(0.04)%** |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders’ Equity/Capital and Reserves** | **7,349,486,275.00** | **39.54 %** | **1,161,557,466.00** | **1.64 %** |
| Share Capital | 0.00 | 0.00 % | 0.00 | 0.00 % |
| Share money deposit | - | - | 272,970,070.00 | 15.29 % |
| Reserve fund | - | - | 810,551.00 | 0.10 % |
| Retained Earnings | 341,565,370.00 | 3.93 % | 887,776,845.00 | 1.53 % |
| GOB Equity | 147,015,130.00 | 2.48 % | - | - |
| Revaluation Surplus | 6,860,905,776.00 | 0.00 % | - | - |
| **Non-Current Liabilities/Long-term Liabilities** | **1,269,429,541.00** | **3.74 %** | **2,457,978,978.00** | **9.07 %** |
| Long term loans (net of current maturity) | 1,110,928,595.00 | 4.57 % | 322,825,026.00 | 11.12 % |
| Deferred tax liability | 233,348,326.00 | 9.02 % | (142,165,715.00) | (12.78)% |
| Retirement benefit obligations | - | - | 367,866,615.00 | 18.06 % |
| Leave pay | - | - | (41,206,293.00) | (21.34)% |
| Customers' security deposits | 203,989,028.00 | 6.53 % | 1,950,659,345.00 | 9.35 % |
| Due to DESA / DPDC (for assets taken over) | (283,303,782.00) | (7.38)% | - | - |
| Lease Liability (Operating lease) | 4,467,375.00 | 15.77 % | - | - |
| **Current Liabilities** | **(179,498,742.00)** | **(0.99)%** | **(3,692,059,036.00)** | **(4.46)%** |
| Current portion of loans term loans | - | - | 48,551.00 | 0.06 % |
| Trade payables | - | - | (5,712,822,930.00) | (11.52)% |
| Group current accounts | - | - | 181,377,242.00 | 28.18 % |
| Workers' profit participation fund (WPPF) and WF payable | 34,852,069.00 | 24.49 % | (115,613,194.00) | (43.35)% |
| Provision for income tax | 42,254,758.00 | 16.24 % | 1,013,907,082.00 | 3.36 % |
| Liabilities for expenses | (480,681,332.00) | (53.20)% | 941,044,213.00 | 44.99 % |
| Accounts Payable | 1,194,449,237.00 | 18.71 % | - | - |
| Creditors for Goods/Works | (629,339,927.00) | (67.12)% | - | - |
| Others liabilities | (627,261,869.00) | (16.35)% | - | - |
| Current Maturity of Long-term Loans | 1,306,699,294.00 | 245.65 % | - | - |
| Accrued Interest on Loans | 800,524,041.00 | 23.66 % | - | - |
| Loan under Secured Over Draft | (1,820,995,013.00) | (100.00)% | - | - |
| **Total Equity and Liabilities** | **8,439,417,074.00** | **11.94 %** | **(72,522,593.00)** | **(0.04)%** |

**Interpretation**: TITAS didn’t have much difference from 2020 to 2021 but DESCO had an 11.94% increase as shown in the table. There is a large increase of 28.62% in Non-Current Assets for DESCO whereas TITAS had a decrease of 9.44%. Moreover, Shareholders Capital and Reserves increased by 39.54% for DESCO and 1.64% for TITAS. These mainly contributed the higher percentage increase of DESCO’s compared to TITAS.

## Statement of Comprehensive Income

### DESCO

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **July 01, 2020 to June 30, 2021** | **July 01, 2019 to June 30, 2020** | **Increase/Decrease during 2021** | |
| **Amount in Taka** | **Amount in Taka** | **Amount in Taka** | **Percentage** |
| **Distribution Revenue** | **4,603,084,565.00** | **4,323,577,620.00** | **279,506,945.00** | **6.46 %** |
| Energy Sales (Net of VAT) | 43,470,529,706.00 | 39,423,939,203.00 | 4,046,590,503.00 | 10.26 % |
| Less: Energy Purchase (including wheeling charge) | 38,867,445,141.00 | 35,100,361,583.00 | 3,767,083,558.00 | 10.73 % |
| Other Operating Revenue | 579,516,404.00 | 347,124,656.00 | 232,391,748.00 | 66.95 % |
| Late Payment Charge | 332,198,405.00 | 287,114,418.00 | 45,083,987.00 | 15.70 % |
| **Total Operating Revenue** | **5,514,799,374.00** | **4,957,816,694.00** | **556,982,680.00** | **11.23 %** |
| **Less: Cost of Energy Sales** | **2,326,933,433.00** | **1,865,376,127.00** | **461,557,306.00** | **24.74 %** |
| Direct Operating Expenses | 837,282,121.00 | 666,391,356.00 | 170,890,765.00 | 25.64 % |
| Depreciation (Direct) | 1,489,651,312.00 | 1,198,984,771.00 | 290,666,541.00 | 24.24 % |
| **Gross Profit** | **3,187,865,940.00** | **3,092,440,567.00** | **95,425,373.00** | **3.09 %** |
| **Less: Operating Expenses** | **2,972,738,088.00** | **2,545,036,938.00** | **427,701,150.00** | **16.81 %** |
| Administrative Expenses | 433,141,428.00 | 431,804,471.00 | 1,336,957.00 | 0.31 % |
| Employee Expenses | 2,447,704,293.00 | 2,016,465,545.00 | 431,238,748.00 | 21.39 % |
| Bad Debts Expenses | (4,589,389.00) | 4,280,828.00 | (8,870,217.00) | (207.21)% |
| Depreciation (Indirect) | 96,481,757.00 | 92,486,093.00 | 3,995,664.00 | 4.32 % |
| **Add : Other Operating Income:** | **1,527,660,353.00** | **1,424,859,938.00** | **102,800,415.00** | **7.21 %** |
| Interest Income | 735,509,818.00 | 940,761,015.00 | (205,251,197.00) | (21.82)% |
| Miscellaneous Income | 75,505,242.00 | 65,945,684.00 | 9,559,558.00 | 14.50 % |
| Others Income | 716,645,293.00 | 418,153,239.00 | 298,492,054.00 | 71.38 % |
| **Total Operating Profit / (Loss)** | **1,742,788,205.00** | **1,972,263,568.00** | **(229,475,363.00)** | **(11.64)%** |
| **Add: Non-operating Income/(Expense)** | **(1,010,894,757.00)** | **(1,073,190,831.00)** | **62,296,074.00** | **(5.80)%** |
| Finance cost | (1,014,257,649.00) | (981,984,580.00) | (32,273,069.00) | 3.29 % |
| Exchange Fluctuation Gain / (Loss) | 3,362,892.00 | (91,206,250.00) | 94,569,142.00 | (103.69)% |
| **Net Profit Before contribution to WPPF** | **731,893,448.00** | **899,072,737.00** | **(167,179,289.00)** | **(18.59)%** |
| Less: Contribution to WPPF | 34,852,069.00 | 42,812,987.00 | (7,960,918.00) | (18.59)% |
| **Net Profit Before Tax** | **697,041,379.00** | **856,259,750.00** | **(159,218,371.00)** | **(18.59)%** |
| **Income Tax** | **42,093,794.00** | **(400,612,901.00)** | **442,706,695.00** | **(110.51)%** |
| Current Tax Expenses | (42,254,758.00) | (170,584,141.00) | 128,329,383.00 | (75.23)% |
| Deferred Tax Income/(Expenses) | 84,348,553.00 | (230,028,760.00) | 314,377,313.00 | (136.67)% |
| **Profit or Loss** | **739,135,174.00** | **455,646,848.00** | **283,488,326.00** | **62.22 %** |
| **Other Comprehensive Income** |  |  |  |  |
| Gain on Revaluation of asset | 7,178,602,654.00 | - | 7,178,602,654.00 | - |
| Less: deferred tax on Revaluation gain | (317,696,879.00) | - | (317,696,879.00) | - |
| **Total Other Comprehensive Income** | **6,860,905,776.00** | **-** | **6,860,905,776.00** | **-** |
| **Total Profit or Loss and Other Comprehensive Income** | **7,600,040,950.00** | **455,646,848.00** | **7,144,394,102.00** | **1,567.97 %** |

**Interpretation**: DESCO had a massive increase of 1,567.97% profit from 2019-20 to 2020-21. Distributed and Total Operating Revenue both increased in the following year. Though Cost of Energy sales increased in the following year by about 25%, but overall Profit was higher with a percentage of 66.22%. Overall, since there were more increases than decreases in 2021, the profit percentage was much higher.

### TITAS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **2020-2021** | **2019-2020** | **Increase/Decrease during 2021** | |
| **Amount in taka** | **Amount in taka** | **Amount in Taka** | **Percentage** |
| **Revenue** | **178,662,338,030.00** | **169,879,389,331.00** | **8,782,948,699.00** | **5.17 %** |
| Less: Cost of sales | 171,881,153,522.00 | 163,685,237,663.00 | 8,195,915,859.00 | 5.01 % |
| **Gross Profit** | **6,781,184,508.00** | **6,194,151,668.00** | **587,032,840.00** | **9.48 %** |
| Less: Operating expenses | 4,815,083,798.00 | 5,191,011,977.00 | (375,928,179.00) | (7.24)% |
| General administrative expenses | 4,621,793,816.00 | 5,114,564,330.00 | (492,770,514.00) | (9.63)% |
| Transmission & distribution expenses | 193,289,982.00 | 76,447,647.00 | 116,842,335.00 | 152.84 % |
| Other operating income | 123,094,057.00 | 111,294,960.00 | 11,799,097.00 | 10.60 % |
| **Gross Operating Profit for the year** | **2,089,194,767.00** | **1,114,434,650.00** | **974,760,117.00** | **87.47 %** |
| Less: Finance cost | 41,652,006.00 | 41,989,714.00 | (337,708.00) | (0.80)% |
| **Net Operating Profit for the year** | **2,047,542,761.00** | **1,072,444,936.00** | **975,097,825.00** | **90.92 %** |
| Add: Non operating income | 2,511,925,632.00 | 4,239,230,778.00 | (1,727,305,146.00) | (40.75)% |
| Investment income | 1,621,648,334.00 | 3,167,379,349.00 | (1,545,731,015.00) | (48.80)% |
| Finance income | 890,277,298.00 | 1,071,851,428.00 | (181,574,130.00) | (16.94)% |
| **Profit before WPPF and WF** | **4,559,468,393.00** | **5,311,675,714.00** | **(752,207,321.00)** | **(14.16)%** |
| Less: Provision for contribution to WPPF & WF | 227,973,420.00 | 265,583,786.00 | (37,610,366.00) | (14.16)% |
| **Profit before income tax** | **4,331,494,973.00** | **5,046,091,928.00** | **(714,596,955.00)** | **(14.16)%** |
| Less: Income tax expense | 871,741,367.00 | 1,448,028,425.00 | (576,287,058.00) | (39.80)% |
| Current tax | 1,013,907,082.00 | 1,508,264,490.00 | (494,357,408.00) | (32.78)% |
| Deferred tax (income)/expense | (142,165,715.00) | (60,236,065.00) | (81,929,650.00) | 136.01 % |
| **Net profit after income tax** | **3,459,753,606.00** | **3,598,063,503.00** | **(138,309,897.00)** | **(3.84)%** |
| Other comprehensive income | 810,550.00 | (748,200.00) | 1,558,750.00 | (208.33)% |
| **Total comprehensive income** | **3,460,564,156.00** | **3,597,315,303.00** | **(136,751,147.00)** | **(3.80)%** |

**Interpretation**: TITAS had similar Total comprehensive income for both 2019-20 and 2020-21, though unfortunately they had a profit decrease of 3.80% in 2021. This is mainly due to Expenses being higher in the following year, though there is a higher Gross Profit, Operating Profit and Net Profit. Expenses due to tax were higher in 2021, so an overall slight decrease happened for TITAS.

### Intercompany

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **DESCO** | | **TITAS** | |
| **Increase/Decrease**  **during 2021** | | **Increase/Decrease**  **during 2021** | |
| **Amount in Taka** | **Percentage** | **Amount in Taka** | **Percentage** |
| **Distribution Revenue** | **279,506,945.00** | **6.46 %** | **8,782,948,699.00** | **5.17 %** |
| Energy Sales (Net of VAT) | 4,046,590,503.00 | 10.26 % | - | - |
| Less: Cost of sales | - | - | 8,195,915,859.00 | 5.01 % |
| Less: Energy Purchase (including wheeling charge) | 3,767,083,558.00 | 10.73 % | - | - |
| Other Operating Revenue | 232,391,748.00 | 66.95 % | - | - |
| Late Payment Charge | 45,083,987.00 | 15.70 % | - | - |
| **Total Operating Revenue** | **556,982,680.00** | **11.23 %** | **587,032,840.00** | **9.48 %** |
| Less: Cost of Energy Sales | 461,557,306.00 | 24.74 % | - | - |
| Direct Operating Expenses | 170,890,765.00 | 25.64 % | - | - |
| Depreciation (Direct) | 290,666,541.00 | 24.24 % | - | - |
| **Gross Profit** | **95,425,373.00** | **3.09 %** | **587,032,840.00** | **9.48 %** |
| Less: Operating Expenses | 427,701,150.00 | 16.81 % | (375,928,179.00) | (7.24)% |
| Administrative Expenses | 1,336,957.00 | 0.31 % | (492,770,514.00) | (9.63)% |
| Employee Expenses | 431,238,748.00 | 21.39 % | - | - |
| Bad Debts Expenses | (8,870,217.00) | (207.21)% | - | - |
| Depreciation (Indirect) | 3,995,664.00 | 4.32 % | - | - |
| Transmission & distribution expenses | - | - | 116,842,335.00 | 152.84 % |
| Add : Other Operating Income: | 102,800,415.00 | 7.21 % | 11,799,097.00 | 10.60 % |
| Interest Income | (205,251,197.00) | (21.82)% | - | - |
| Miscellaneous Income | 9,559,558.00 | 14.50 % | - | - |
| Others Income | 298,492,054.00 | 71.38 % | - | - |
| **Gross Operating Profit for the year** | **(759,976,929.00)** | **38.04 %** | **974,760,117.00** | **87.47 %** |
| Less: Finance cost | - | - | (337,708.00) | (0.80)% |
| **Total Operating Profit / (Loss)** | **(229,475,363.00)** | **(11.64)%** | **975,097,825.00** | **90.92 %** |
| **Add: Non-operating Income/(Expense)** | **62,296,074.00** | **(5.80)%** | **(1,727,305,146.00)** | **(40.75)%** |
| Finance cost | (32,273,069.00) | 3.29 % | - | - |
| Exchange Fluctuation Gain / (Loss) | 94,569,142.00 | (103.69)% | - | - |
| Investment income | - | - | (1,545,731,015.00) | (48.80)% |
| Finance income | - | - | (181,574,130.00) | (16.94)% |
| **Net Profit Before contribution to WPPF** | **(167,179,289.00)** | **(18.59)%** | **(752,207,321.00)** | **(14.16)%** |
| Less: Contribution to WPPF | (7,960,918.00) | (18.59)% | (37,610,366.00) | (14.16)% |
| **Net Profit Before Tax** | **(159,218,371.00)** | **(18.59)%** | **(714,596,955.00)** | **(14.16)%** |
| **Income Tax** | **442,706,695.00** | **(110.51)%** | **(576,287,058.00)** | **(39.80)%** |
| Current Tax Expenses | 128,329,383.00 | (75.23)% | (494,357,408.00) | (32.78)% |
| Deferred Tax Income/(Expenses) | 314,377,313.00 | (136.67)% | (81,929,650.00) | 136.01 % |
| **Profit or Loss** | **283,488,326.00** | **62.22 %** | **(138,309,897.00)** | **(3.84)%** |
| **Other Comprehensive Income** | **-** | - | **1,558,750.00** | **(208.33)%** |
| Gain on Revaluation of asset | 7,178,602,654.00 | - | - | - |
| Less: deferred tax on Revaluation gain | (317,696,879.00) | - | - | - |
| Total Other Comprehensive Income | 6,860,905,776.00 | - | 1,558,750.00 | (208.33)% |
| **Total Profit or Loss and Other Comprehensive Income** | **7,144,394,102.00** | **1,567.97 %** | **(136,751,147.00)** | **(3.80)%** |

**Interpretation**: As we can see from the table, DESCO had a massive increase in total profit of 1567.97% whereas on the other hand TITAS had a loss of 3.8%. Though TITAS had a higher Gross Profit compared to DESCO, but Distributed Revenue and Total Operating Revenue was higher for DESCO. The biggest difference came in the expenses where TITAS had a huge expenses of around 40% but DESCO had 5.8% expense.

# Ratio Analysis

## Current Ratio

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 1.49:1 |
| 2020 |  | 1.65:1 |
| TITAS | 2021 |  | 1.61:1 |
| 2020 |  | 1.61:1 |

**Interpretation**: In 2020, DESCO had a small margin of higher current ratio than TITAS but in 2021, TITAS had a much higher current ratio than DESCO though in both years, there was no change in the Current Ratio of TITAS.

## Acid-Test Ratio

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 1.09:1 |
| 2020 |  | 1.16:1 |
| TITAS | 2021 |  | 1.01:1 |
| 2020 |  | 0.99:1 |

**Interpretation**: Both DESCO and TITAS had a growth in Acid-Test Ratio from 2020 to 2021, where DESCO had a higher percentage of growth and also had a higher ratio than TITAS in both years.

## Receivables Turnover

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 8.28 times |
| 2020 |  | 7.25 times |
| TITAS | 2021 |  | 3.07 times |
| 2020 |  | 3.38 times |

**Interpretation**: In both years, DESCO had a much higher Receivable Turnover compared to TITAS, moreover their Turnover grew from 2020 to 2021 whereas TITAS’ dropped.

## Inventory Turnover

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 0.38 times |
| 2020 |  | 0.35 times |
| TITAS | 2021 |  | 94.91 times |
| 2020 |  | 85.12 times |

**Interpretation**: In both years, TITAS had a large, substantial Inventory Turnover compared to DESCO and they also had a good growth whereas DESCO’s substantial Inventory Turnover fell from 2020 to 2021.

## Profit Margin

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 1.70% |
| 2020 |  | 1.16% |
| TITAS | 2021 |  | 1.94% |
| 2020 |  | 2.11% |

**Interpretation**: In both years, TITAS had a higher Profit Margin than DESCO, but the difference was less in 2021 since TITAS’ profit margin decreased whereas DESCO’s increased.

## Asset Turnover

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 0.58 times |
| 2020 |  | 0.58 times |
| TITAS | 2021 |  | 0.99 times |
| 2020 |  | 0.98 times |

**Interpretation**: In both years, TITAS and DESCO had almost the same Asset Turnover with TITAS’ having a much higher turnover than DESCO.

## Return on Assets

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 0.99% |
| 2020 |  | 0.67% |
| TITAS | 2021 |  | 1.92% |
| 2020 |  | 2.09% |

**Interpretation**: TITAS had a higher return on assets in both years compared to DESCO but their percentage fell from 2020 to 2021 whereas DESCO’s grew.

## Return on Common Stockholder’s Equity

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 3.19% |
| 2020 |  | 2.96% |
| TITAS | 2021 |  | 3.61% |
| 2020 |  | 3.66% |

**Interpretation**: TITAS had a higher return on common stockholder’s equity compared to DESCO in both years, though their percentages are close. TITAS’ had a slight fall in its percentage and on the other hand DESCO had a slight growth in 2021.

## Payout Ratio

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 53.79% |
| 2020 |  | 104.70% |
| TITAS | 2021 |  | 74.32% |
| 2020 |  | 71.50% |

**Interpretation**: DESCO had a higher Payout Ratio in 2020 compared to TITAS but in 2021, DESCO had a significant fall whereas TITAS had a small growth which was enough to cross DESCO’s Payout ratio in 2021.

## Debt to Total Assets Ratio

|  |  |  |  |
| --- | --- | --- | --- |
| Formula | |  |  |
| DESCO | 2021 |  | 67.23% |
| 2020 |  | 73.71% |
| TITAS | 2021 |  | 60.24% |
| 2020 |  | 60.90% |

**Interpretation**: In both years, DESCO had a higher Debt to Total Assets Ratio compared to TITAS but both of their ratios fell from 2020 to 2021.