



Efficiency in Power Generation



Internship Report

On

Financial Performance Analysis of United Ashuganj Energy Limited

Prepared For:

Muhammad Enamul Haque

Assistant Professor

School of Business and Economics

United International University

Prepared By:

Md. Tarek-Uz-Zaman

ID- 111181085

Program: BBA (Finance)

United International University

Date of Submission: April 10, 2023

Letter of Transmittal

Date: April 10, 2023

Muhammad Enamul Haque

Assistant Professor

United International University

Subject: Submission of Internship Report

Respected Sir,

I am very much grateful to you for presenting here with an Internship report. I wanted to let you know that I finished writing a report on “Financial Performance Analysis of United Ashuganj Energy Limited”. I have followed your instructions in the letter. Despite a few flaws, I believe that the paper has accomplished its goal to a large extent. I appreciate the chance to collaborate with you on this report. I worked quite hard to complete the report by the due date and to the standard, I had established for myself. I hope that you will accept my report. I will gladly provide additional information about this report.

I hope that my report will assist you in making informed decisions and meeting your expectations.

Yours Sincerely

.....

Md. Tarek-Uz-Zaman

ID- 111181085

Program: BBA

United International University

Acknowledgment

First, I want to begin by thanking Allah for allowing me to finish my studies and helping me starting from the beginning to the end of my internship period to ensure the success of this Internship report.

Second, I want to express my gratitude to Muhammad Enamul Haque Sir for providing me with the opportunity, encouragement, and courage to work on this creative project.

Without Sir help, I would not have been able to finish the analysis and report at all. He always made an effort to simplify matters and provide the truth. He encouraged me to focus on and be objective in how I approached my assignment. This helped me effectively finish the report. I couldn't finish the report without sir's guidance, and without you, I couldn't finish the analysis. He always sought to demonstrate the truth and keep things straightforward.

I am thankful to every person who assisted me in finishing my job, whether directly or indirectly.

Executive Summary

For the economic development of a country, electricity plays a vital role. United Power as a whole is playing a significant role in economic development through its production of electricity which is ultimately consumed in the national grid.

I discussed the financial performance of an independent power-producing company in this project. Here calculated growth rates, some key financial ratios, and trends during the previous five years covering from 2018 to 2022 which are needed for the identification of a company's problem areas and potential is included. Different analyses like- ratio analysis, vertical analysis, horizontal analysis, and DuPont analysis were done for an in-depth assessment of the company's performance. UAEL revenue is secured by its 15 years of Power Purchase Agreement (PPA) with BPDB which effects ultimately the overall sustainable & satisfactory growth. But the revenue is declined over the years due to BPDB's electricity demand declining & less tariff rate as per the agreement. Revenue decline impacts negatively both working capital turnover and total asset turnover which is fully co-related with revenue to measure. UAEL current & quick ratio increased over time but due to the early settlement of the int'l loan it decreased in 2020 & 2021. On the other hand, the company's trade receivable days outstanding from BPDB are increased & inventory holding days also increased which is not good for UAEL. Gross and net profit margins both increased over the years but this affects massively foreign exchange loss due to the higher fluctuation rate of USD. The company could raise its profit margin which affects retained earnings that decreased the financial leverage ratio, a good indicator for the company. Its liquidity ratio & cash position are quite good enough; already paid off its int'l loan outstanding without taking any bank loan which makes down the loan outstanding and also could avoid more foreign exchange loss which eventually secures a good cash balance. Return on Equity decreased a little bit over the years but the company's EPS increased meticulously and paid a dividend to its shareholders very consistently.

Table of Contents:

Executive Summary	1
Chapter One – Introducing About the Report	5
1.1 Introduction:	5
1.2 Objectives of the Report:.....	5
1.3 Scope and Boundary:.....	5
1.4 Reporting Data Coverage:.....	5
1.5 Methodology:.....	6
Chapter Two – Overview of the Company	7
2.1 Company Profile:	7
2.2 Nature of the Business:	8
2.3 Shareholding structure	9
2.4 Current Tax Liability:	9
2.5 Going Concerned:	9
3.1 Major Financial Statement:	10
3.2 Financial Statement Analysis Using Techniques.....	11
3.2.1 Ratio Analysis:	11
3.2.2 Vertical Analysis:	13
3.2.3 Horizontal Analysis:	14
3.2.4 Dupont Analysis:.....	14
Chapter Four – Analysis of the Financial Performance.....	15
4.1 Activity Ratio.....	15
4.1.1 Inventory Turnover:	15
4.1.2 Days of Inventory on Hand:.....	16
4.1.3 Receivables Turnover:	17
4.1.4 Days of Sales Outstanding:.....	18
4.1.5 Payables Turnover:.....	19
4.1.6 Number of Days Payable:.....	20
4.1.7 Working Capital Turnover:	21
4.1.8 Fixed Asset Turnover:	22
4.1.9 Total Asset Turnover:.....	23
4.2 Liquidity Ratio	24

4.2.1 Current Ratio:	24
4.2.2 Quick Ratio:	25
4.2.3 Cash Ratio:	26
4.2.4 Defensive Interval:	27
4.3 Solvency Ratio	28
4.3.1 Debt to Equity:	28
4.3.2 Debt to Capital:	29
4.3.3 Debt to Assets:	30
4.3.4 Financial Leverage:	31
4.3.5 Interest Coverage:	32
4.3.6 Debt to EBITDA:	33
4.3.7 Fixed Charge Coverage:	34
4.4 Profitability Ratio	35
4.4.1 Net Profit Margin:	35
4.4.2 Gross Profit Margin:	36
4.4.3 Operating Profit Margin:	37
4.4.4 Pretax Margin:	38
4.4.5 Return on Assets:	39
4.4.6 Operating Return on Assets:	40
4.4.7 Return on Total Capital:	41
4.4.8 Return on Equity:	42
4.5 Market Ratio	43
4.5.1 Book Value Per Share:	43
4.5.2 P/E Ratio:	44
4.6 Vertical Analysis	45
4.6.1 Statement of Profit or Loss (Vertical Analysis):	45
4.6.2 Statement of Financial Position (Vertical Analysis):	47
4.7 Horizontal Analysis	51
4.7.1 Statement of Profit or Loss (Horizontal Analysis):	51
4.7.2 Statement of Financial Position (Horizontal Analysis):	53
4.8 Dupont Analysis	56
Chapter Five – Findings	58

Chapter Six – Conclusion	59
Reference	61

Chapter One – Introducing About the Report

1.1 Introduction:

As part of the BBA program, which includes my internship program, I prepared this report. It was a pleasure to get the opportunity to work in the well-reputed company “United Group” for my internship program. I get the chance to have different job responsibilities through working on the different business concerns of this large group in my internship tenure under the supervision of the Finance & Accounts Team. I choose “United Ashuganj Energy (UAEL)” one of the power companies of United Power Division for my data analysis & finalizing internship report. Though I had the opportunity to work with other business concerns of the group I preferred the power sector for my reporting subject due to its growth, conformity, sustainability & profitability in the overall business sector as well as in the economy too.

In my internship there, I was a part of this esteemed business for 3 months lasting from 20 October’22 to 19 January’23. I learned how to verify if accounting, budgetary and operational restrictions are appropriate and have been applied effectively. I was actively involved to update the sales VAT book, bank & deposit reconciliations, and documentation preparation for VAT & Tax audits.

1.2 Objectives of the Report:

The prime objective of the report is to analyze the financial performance of United Ashuganj Energy Limited. This analysis will help investors understand how the company is efficient in performing its business operations over the years.

1.3 Scope and Boundary:

Information in this report provides a summary of the company's operations and related activities that contribute to value creation over the short-, medium-, and long-term for its stakeholders.

1.4 Reporting Data Coverage:

This report provides information with a broad variety of data covering five years' worth of audited financials, or the fiscal years 2017 through 2022.

1.5 Methodology:

The obstacles UAEL encountered throughout the global pandemic, its strategy, and a comparison of their income figures are all critically analyzed in this report's descriptive research, which also assesses the company's sustainability.

The report has only been prepared using secondary data. The following are some secondary data sources:

Inside Sources: The submitted audit reports and documentation were the source of a large portion of the material.

External Sources: The Dhaka Stock Exchange website, the Group's power division's financials page, and the CRISL credit rating report.

Chapter Two – Overview of the Company

2.1 Company Profile:

The first concept for a joint-venture power plant between the Bangladeshi government and UAEL is situated next to Ashuganj Power Station Company (APSCL). Back then, there was no modular combined cycle plant; the power plant was the first of its sort. It introduced the new technology first and was awarded the best big Independent Power Producer (IPP) of 2016 by the Ministries of Electricity, Energy, and Natural Resources at the 2016 Power & Energy Week. The natural gas plant is already exceptionally efficient for its fuel type, and the addition of a 20 MW co-generator makes it even more environmentally friendly, demonstrating our goal to produce power as sustainably as possible.

- Plant Name : United Ashuganj Energy. (UAEL)
- Plant Location : Ashuganj Power Station Complex at Ashuganj, Brahmanbaria
- Capacity : Net 195 MW and an additional 15MW through the turbine engine
- No of Engine : 20 no of Wartsila engines
- Technology : Reciprocating Engine
- COD : 08/05/2015
- Financed by : World Bank (IPFF), an International loan through Standard Chartered Bank, IFC & DEG



- Awards : Gold Asian Power Award 2015, The Best Large IPP of 2016

United Ashuganj Energy was established in Bangladesh on January 30, 2013. Only BDT 7,000,000,000 of the company's authorized share capital is divided into 200,000,000 redeemable preference shares and 500,000,000 ordinary shares, each worth BDT 10.

2.2 Nature of the Business:

The generation of power and its sale to the Bangladesh Power Development Board comprise the company's main operations (BPDB). 195 MW of gas-fired electricity is produced by the



UAEL power plant (net). To facilitate the production of power, UAEL has signed a Power Purchase Agreement (PPA) with BPDB for a 15-year term as well as a Gas Supply Agreement with Bakhrabad Gas Distribution Co.

2.3 Shareholding structure

UAEL's current shareholding structure is as follows:

	No. of Shares	% Shareholding
Ashuganj Power Station Company.	30,408,000	7.58%
United Energy.	370,040,901	92.42%
Total	400,448,901	100.00%

2.4 Current Tax Liability:

Current tax comprises any adjustments to tax payable or receivable in respect of prior years as well as the anticipated tax payable or receivable on the taxable income or loss for the year. Tax rates that were formally or formally enacted at the reporting date are used to calculate it.

Private sector power generation companies whose commercial operation begins on or before December 31, 2019, are exempted from taxes payable for 15 years under the Income Tax Ordinance (ITO) 1984 according to SRO No. 211-Ain/Aykor/2013, which was issued on July 1, 2013, and which was later amended by additional SROs issued on November 18, 2013, and July 25, 2016, respectively.

The tax rate under ITO 1984 applies to both other income and disallowed costs.

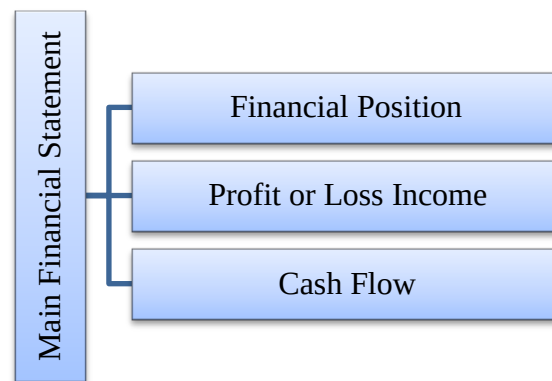
2.5 Going Concerned:

The Company has the financial capacity to carry on its business for the foreseeable future. To prepare financial statements, management continues to use a going concern assumption. The Company's current financial resources are adequate to cover the current costs of its running business.

Chapter Three – Understanding of The Financial Statement Analysis

FSA analyzes UAEL Balance Sheet, Income Statement, or Cash Flow to assess its previous performance, present financial condition, or value.

This FSA helps to determine the company's potential to turn a profit or provide cash flow in the future.



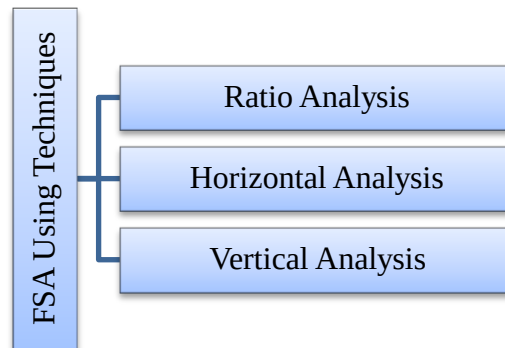
3.1 Major Financial Statement:

Financial Position: The summary of UAEL assets, liabilities, and equity is included in the financial position. This statement displays the total assets, total liabilities, and equity of UAEL for a specific year.

Profit or Loss Income: This statement details UAEL earnings for a given period as well as its costs and expenses.

Cash flow: The cash inflows and outflows of the business are shown in this statement, which makes it easier to keep track of them.

3.2 Financial Statement Analysis Using Techniques

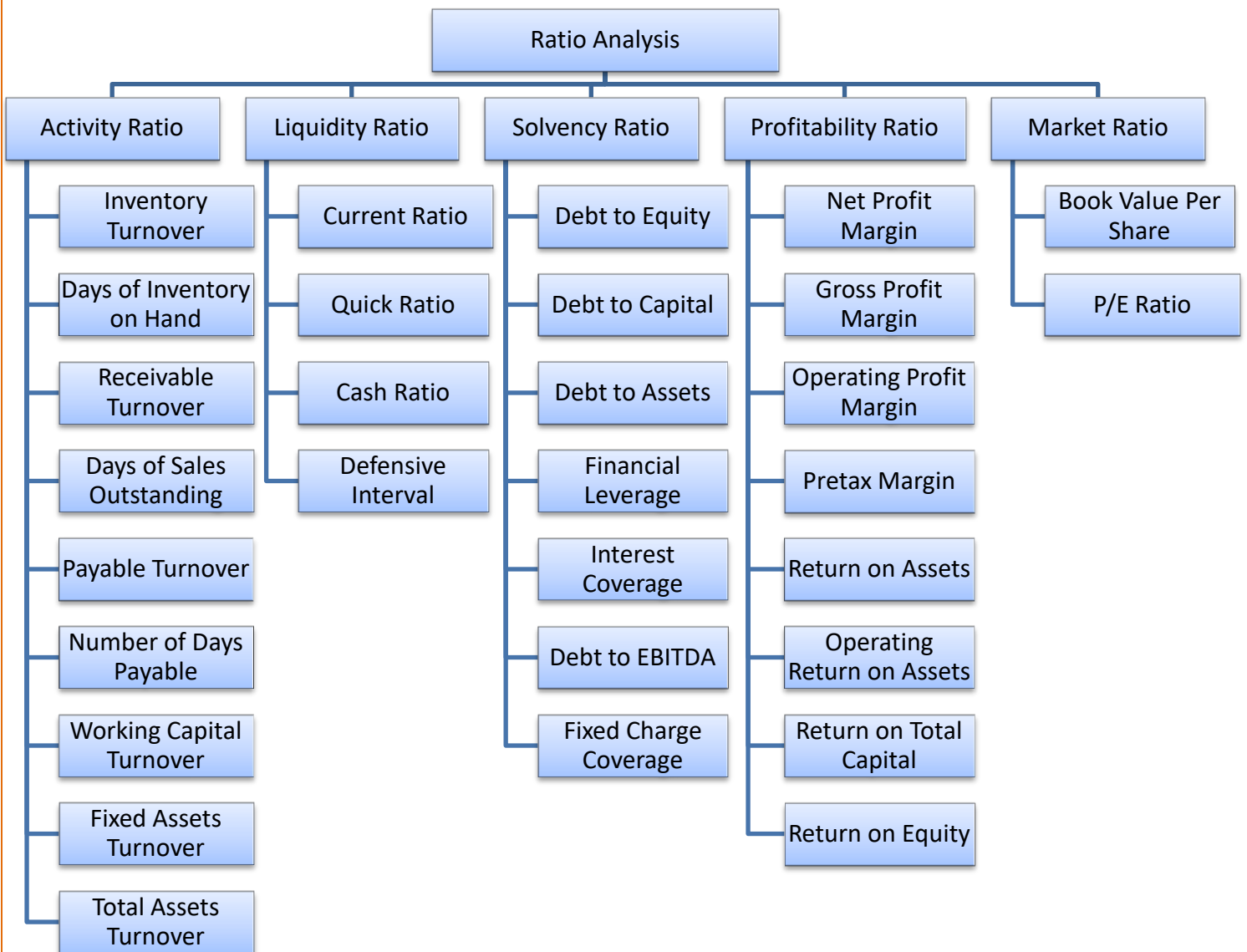


FSA uses several techniques, such as:

3.2.1 Ratio Analysis:

Ratio analysis provides information on a company's profitability, solvency, operational effectiveness, liquidity, asset utilization, and a host of other factors that can be used to assess its performance over time.

This research analyzes line-item data gathered from the company's financial statement quantitatively. And that makes it easier to assess the company's development and whether it has met its obligations. Ratio analysis helps identify the overall historical changes of the organization. This makes it easier to evaluate the company's growth, performance, and other pertinent analysis in comparison to its competitors.



Activity Ratio: The activity ratio shows how well a business uses its resources to produce income and cash. The business makes use of a variety of assets, including fixed assets and inventory. Furthermore, the higher ratio shows that the organization is using its resources effectively.

Liquidity Ratio: The liquidity ratio assesses a company's capacity to meet short-term obligations. This assists in figuring out how quickly a business may convert its assets to pay down arising debts. And the greater percentage indicates that the company efficiently settles its debt and does not miss payments.

Solvency Ratio: The solvency ratio shows how well a company can handle financial leverage and long-term responsibilities. This makes it easier to assess a company's financial situation and evaluate if it can handle any resulting long-term liabilities. Also, the greater ratio shows that the business readily repays its debt and does not fall behind on payments.

Profitability Ratio: The profitability ratio assists in determining the company's financial success for a specific period by showing how effectively the company generates operational profits and net profits from its revenue. The higher ratio shows that the business earns profits effectively.

Market Ratio: The stock price is measured and evaluated using the market ratio. This compares the market price with the prices of the competitors. Comparing the relative values of various businesses, A greater ratio suggests that the company's stock is valuable.

3.2.2 Vertical Analysis:

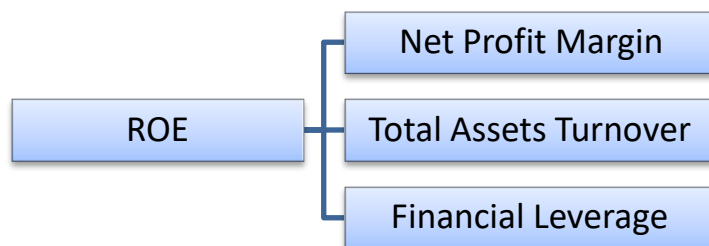
A vertical analysis income statement expresses each category of the income statement as a percentage of revenue. This allows for the comparison of income statement items over time. A vertical analysis balance sheet expresses each item of the balance sheet as a percentage of total assets. This allows for comparison over time (time-series analysis) and across UAEL.

3.2.3 Horizontal Analysis:

Historical data is the foundation of horizontal analysis. It describes how a financial statement has changed throughout two or more periods. This approach helps in assessing an organization's success over time. The horizontal analysis aids in visualizing changes in the company throughout the accounting period. The income statement and balance sheet make it easier to identify changes over time and what caused changes.

3.2.4 Dupont Analysis:

A formula that divides ROE into three components is called the Dupont analysis. An organization's return on equity (ROE) is quantified. Decomposing ROE into its component pieces is a valuable strategy for figuring out what motivates a company's ROE. Decomposing ROE helps figure out the causes of changes in ROE over time for a certain company as well as



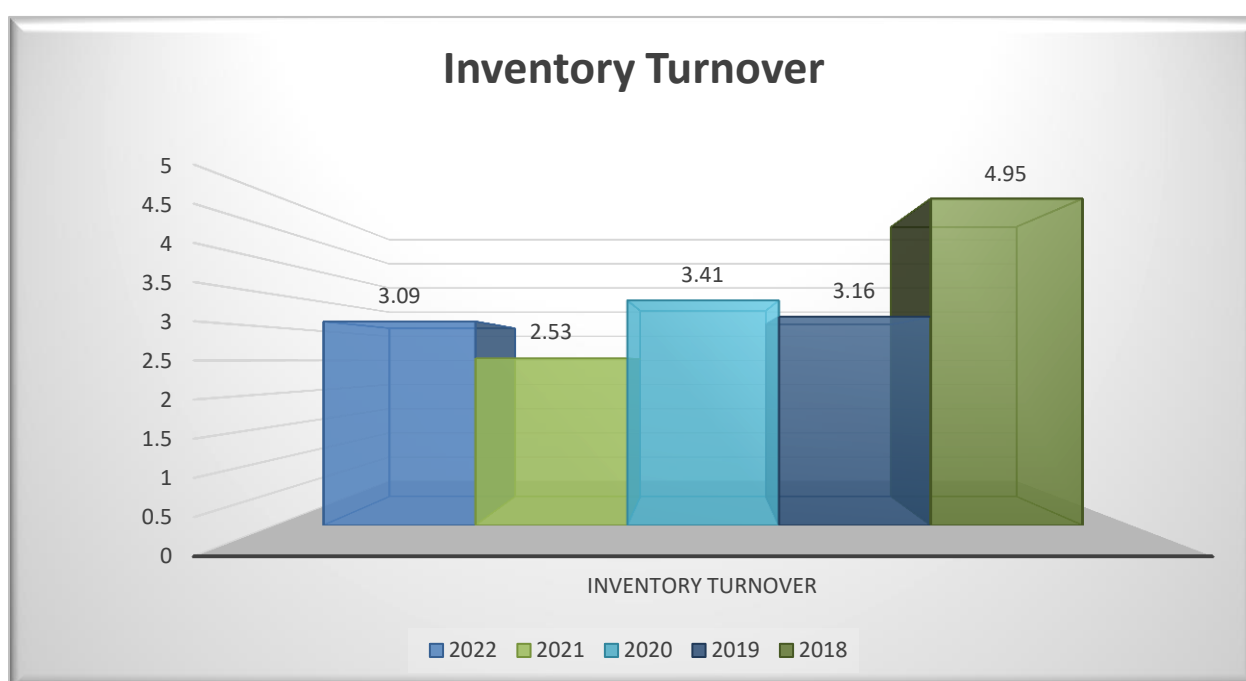
differences in ROE for various companies during a specific period. Both total asset turnover and net profit margin have decreased, although ROE has only slightly decreased. Due to more debt financing, the company is now riskier.

Chapter Four – Analysis of the Financial Performance

4.1 Activity Ratio

4.1.1 Inventory Turnover:

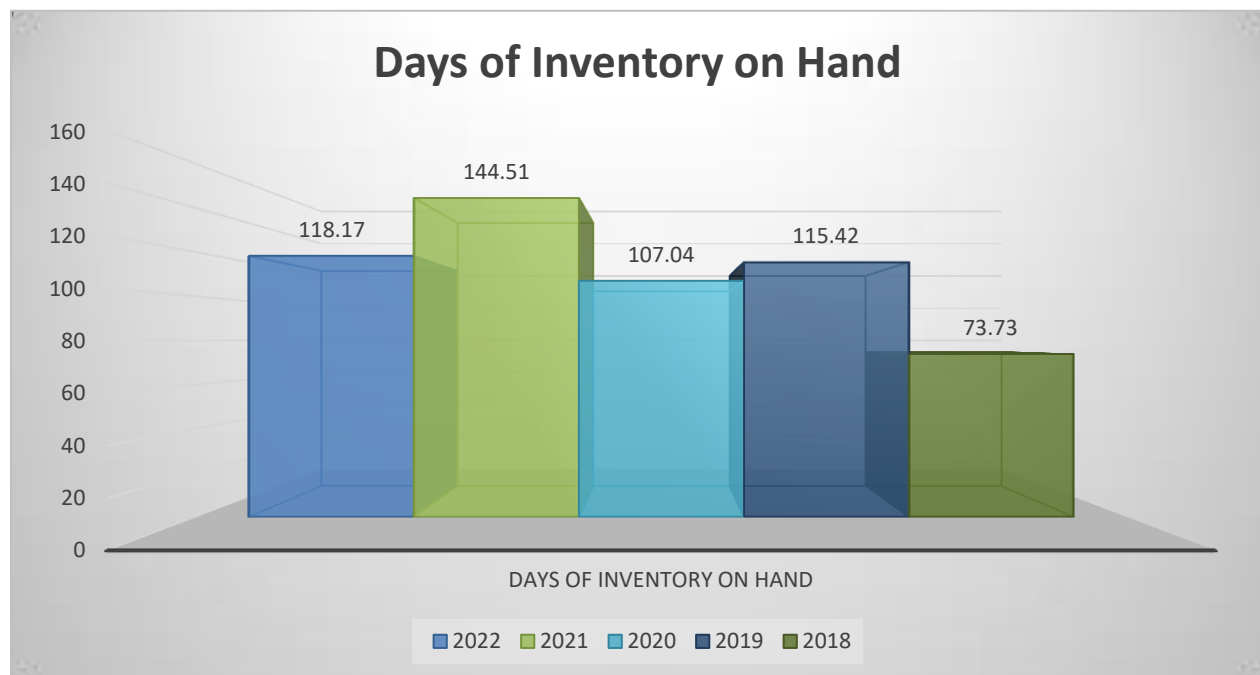
Activity Ratio	2022	2021	2020	2019	2018
Inventory Turnover	3.09	2.53	3.41	3.16	4.95



The inventory turnover ratio shows how the management has used inventory in the business's operations. UAEL's inventory consists of spare parts, lube oil & chemical which is used for the Wartsila engine's scheduled/unscheduled repair & maintenance and regular operations. The inventory turnover of UAEL has decreased over time from 4.95 to 3.09. Due to UAEL's cost of sales decreases over time which indicates that revenue also decreases over time and their inventory also decreased from FY 2019 Tk 40,00,33,534/- to FY 2022 Tk 37,63,05,308/-.

4.1.2 Days of Inventory on Hand:

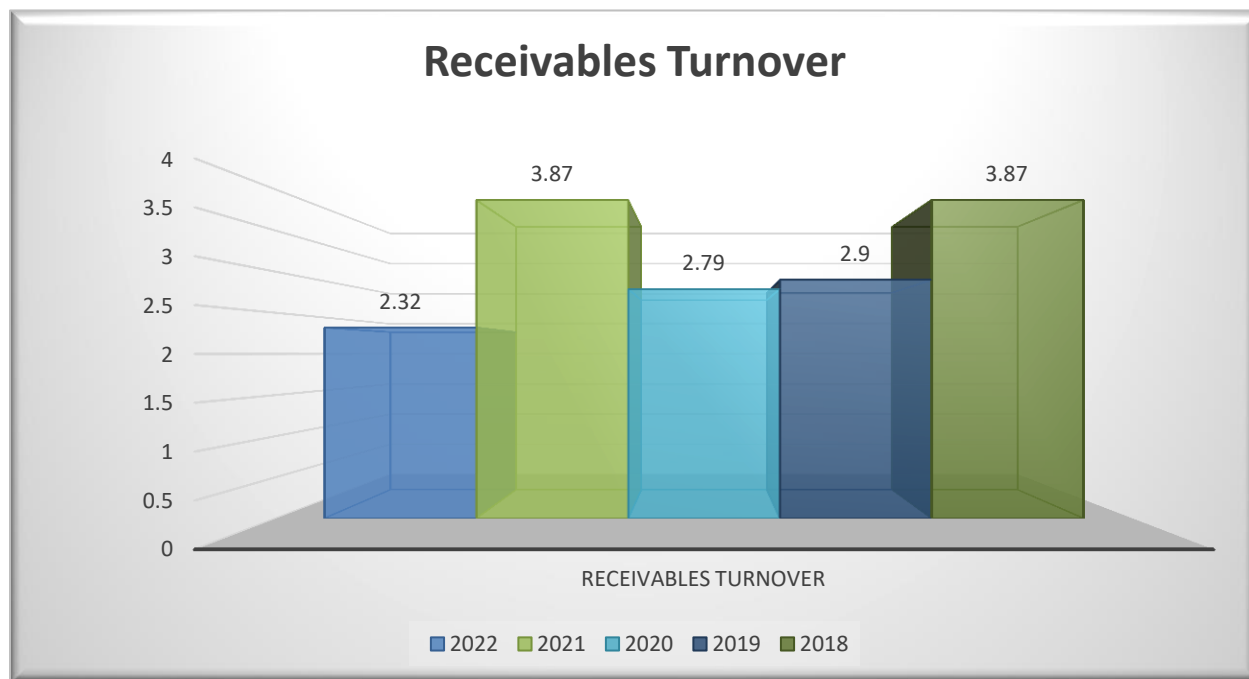
Activity Ratio	2022	2021	2020	2019	2018
Days of Inventory on Hand	118.17	144.51	107.04	115.42	73.73



A straightforward calculation using your company's average inventory of the year and COGS is needed to get the inventory days on hand. The average holding period of UAEL has increased over time. Because inventory turnover also decreased over time which directly impacts the average holding period. Several professionals concur that a good DSI lasts between 30 and 60 days and it varies depending on the sectors or businesses. This is good for the company as the company is holding inventory for lesser days over the period from 2018 (73.73) to 2022 (118.17). And that suggests UAEL is in a strong position.

4.1.3 Receivables Turnover:

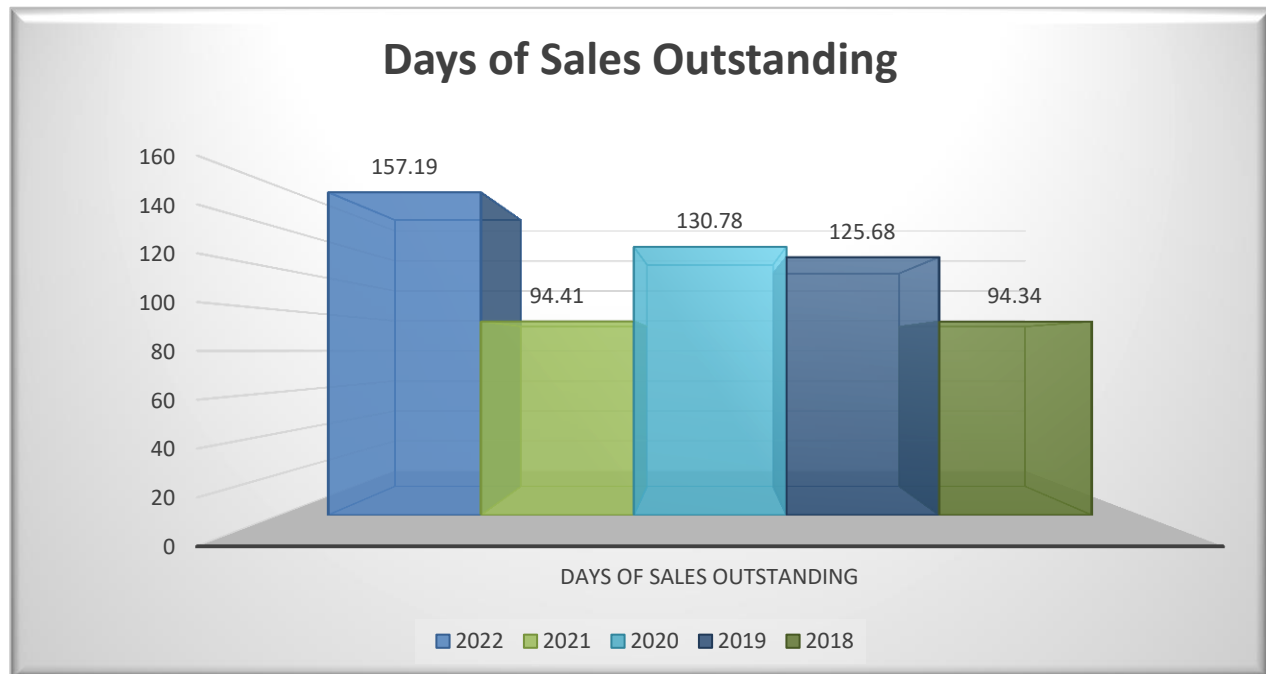
Activity Ratio	2022	2021	2020	2019	2018
Receivables Turnover	2.32	3.87	2.79	2.90	3.87



UAEL accounts receivable increased over time. But revenue decreased to the comparative year 2018 with the years 2019, 2020 2021 & 2022 by 10%, 15%, 22% & 15% respectively. The tariff is less than the comparative year as per the tariff schedule as per the Power Purchase Agreement signed with BPDB, the only customer of UAEL, and in addition to that the plant factor also decreased over the year. That direct impacts the gross and net profit. In 2021 UAEL trade receivables decreased which directly impacts the receivable turnover increase which is good for the company. In 2019, 2020 & 2022 increase in trade receivables decreased the company receivable's turnover ratio which is not good for the company. That indicates that the BPDB is not paying on time and their collection is not good over the period which resulted in the year company receivables turnover decreasing from 3.87 to 2.32. The company should take steps to receive their required payment on time.

4.1.4 Days of Sales Outstanding:

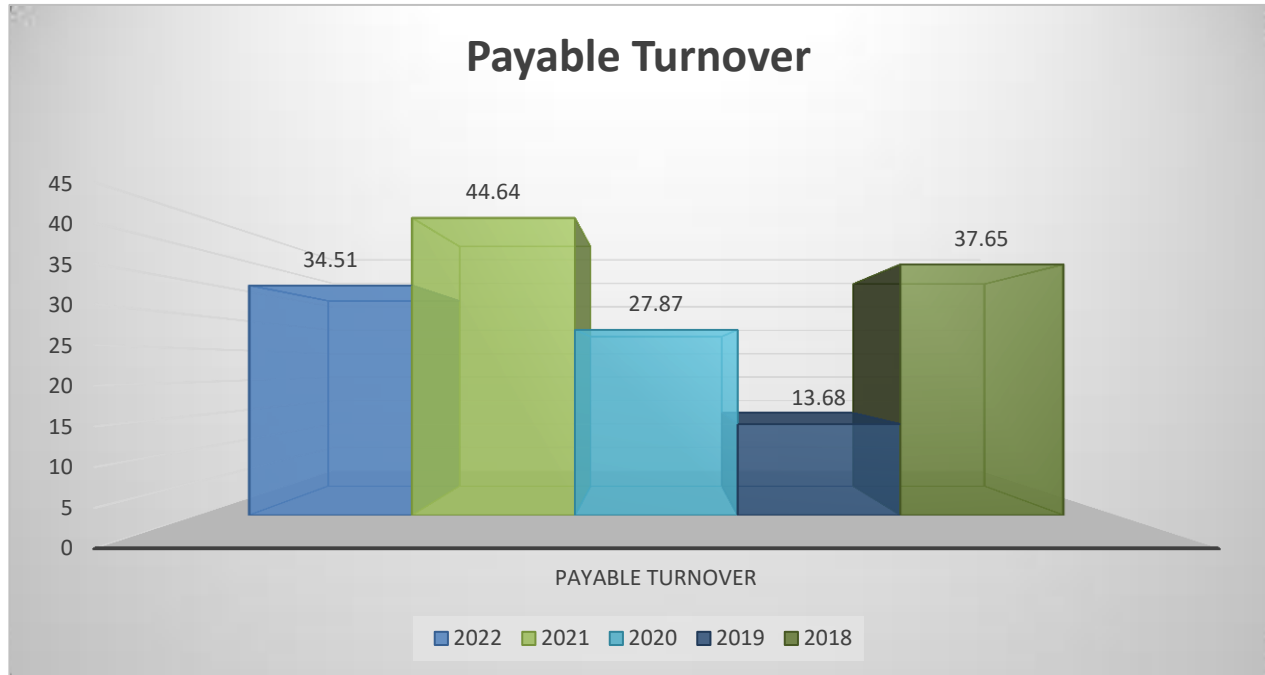
Activity Ratio	2022	2021	2020	2019	2018
Days of Sales Outstanding	157.19	94.41	130.78	125.68	94.34



The average number of days it takes a business to collect payment for a sale is known as days sales outstanding. UAEL receivables turnover decreases over time because their only customer BPDB is not paying on time as a result collection is not good enough which majorly impacts the day's sales outstanding. Because of revenue turnover decrease over time except in 2021. That direct impact on the DSO. DSO increased over time from 94.34 to 157.19. That's not good for the UAEL because the company getting its payments slowly. UAEL should therefore take an effort to make the required payment. That helps to improve their DSO.

4.1.5 Payables Turnover:

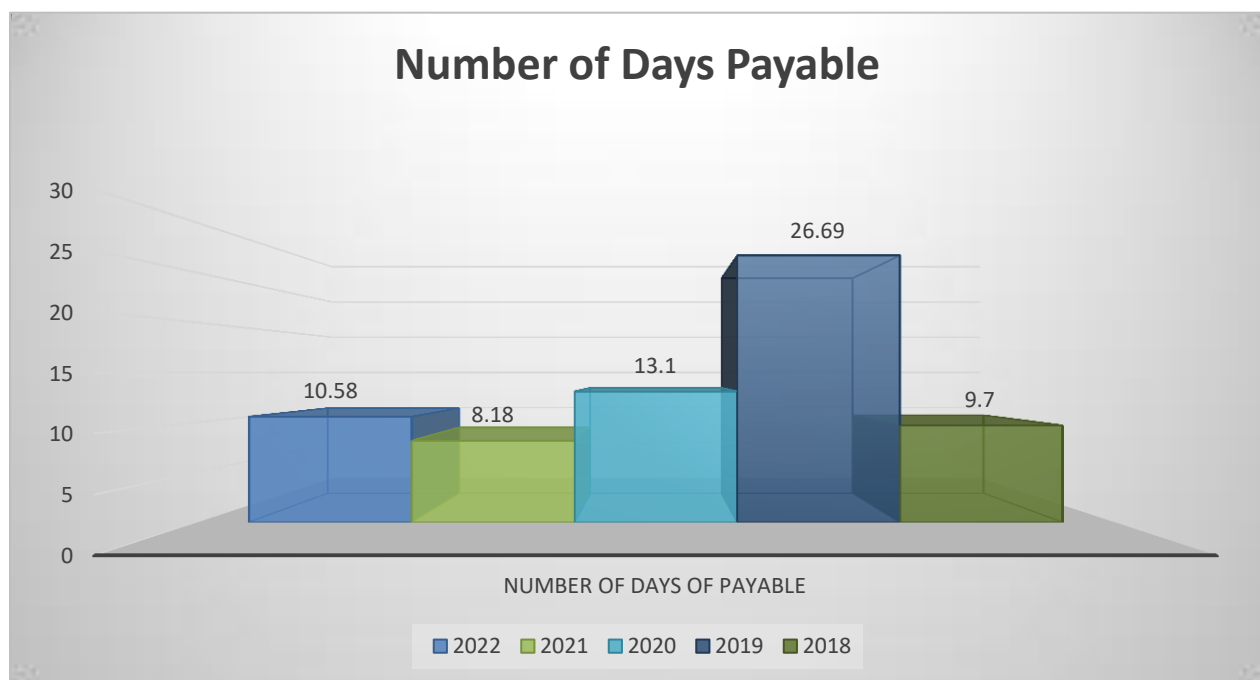
Activity Ratio	2022	2021	2020	2019	2018
Payable Turnover	34.51	44.64	27.87	13.68	37.65



UAEL purchases decrease over time which directly impacts the payable turnover. And also, their trade and other payables increased in 2019 & 2020, and in 2021 & 2022 decreased. It's mainly payable against gas bills. This indicates that the company is paying its creditors and suppliers slowly which impacts the company's credibility; because the company payable turnover decreased from 37.65 to 34.51 except in the year 2021. Only in 2021, it increased by 44.64. Again in the next year it decreased over time because their cash flow was not good in a position.

4.1.6 Number of Days Payable:

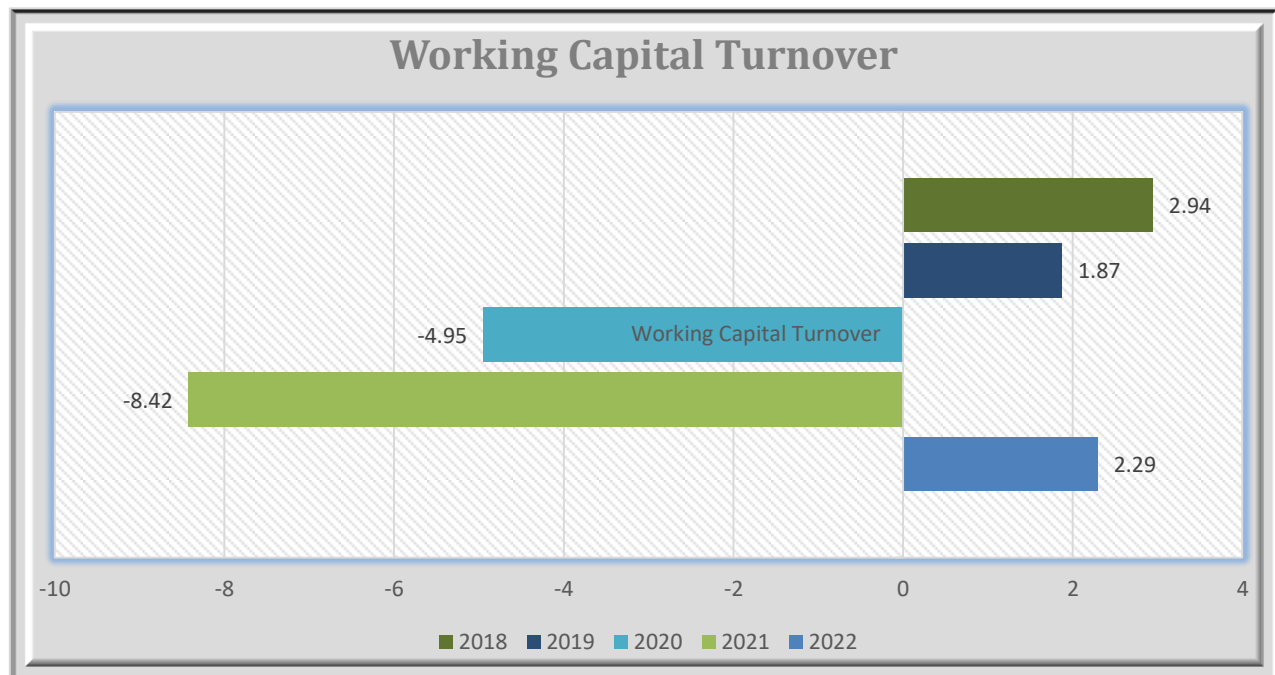
Activity Ratio	2022	2021	2020	2019	2018
Number of Days of Payable	10.58	8.18	13.10	26.69	9.70



UAEL number of days payable is almost the same ratio except in the year 2021. Because UAEL paid their gas bill & other payables quickly. But as per the ratio, we found a high of 26.69 in the year 2019. The high number of days payable is an advantage for the company as it means that UAEL has extra cash on hand and better cash flow for short-term investment. The company's number of days payable is increased merely over the years from 9.7 to 10.58, that's good from the company's perspective.

4.1.7 Working Capital Turnover:

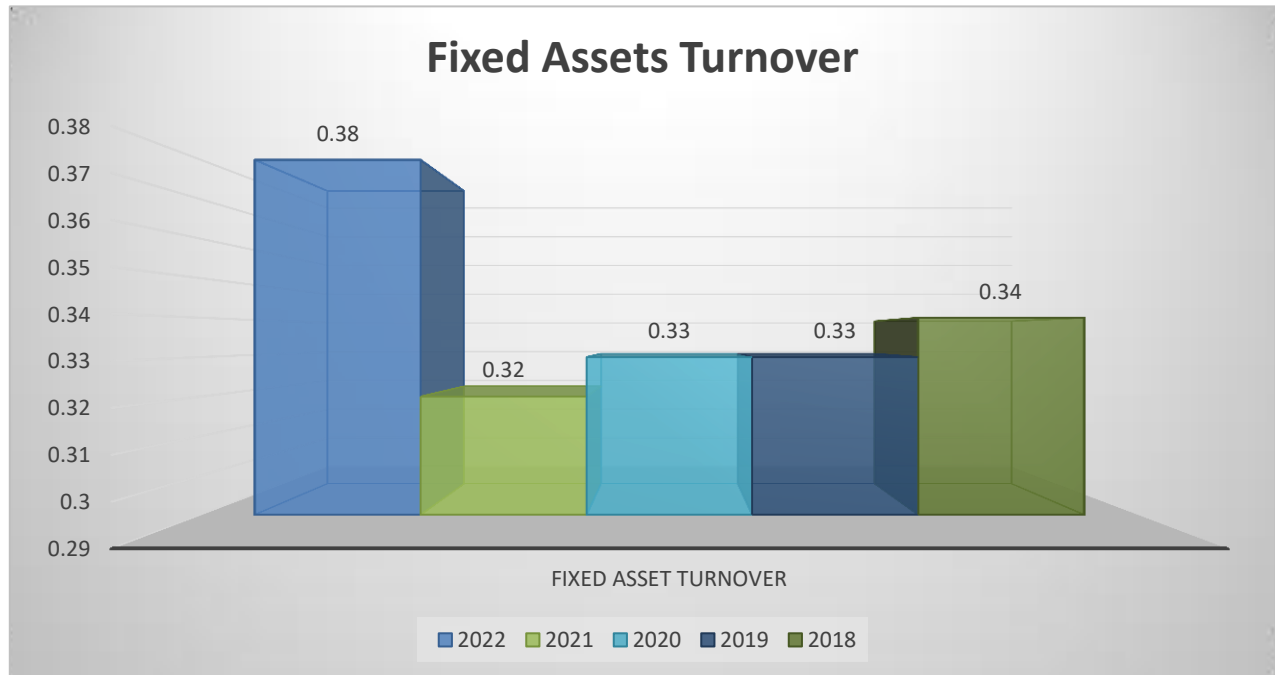
Activity Ratio	2022	2021	2020	2019	2018
Working Capital Turnover	2.29	-8.42	-4.95	1.87	2.94



Here, UAEL working capital turnover decreases over time from 2.94 to 2.29. That's not a good indication for the company because its revenue decreased to the comparative year 2018 with the years 2019, 2020 2021 & 2022 by 10%, 15%, 22% & 15% respectively. The tariff is less than the comparative year as per the tariff schedule as per the Power Purchase Agreement signed with BPDB, the only customer of UAEL. Moreover, the plant factor also decreased over the year. That indicates the company generates a lower number of sales that decreases the working capital turnover. That's why we can say that working capital turnover decreases over time from 2.94 to 2.29 that's not a good indication for UAEL. They should increase sales and make decisions that will increase revenue which will help to improve working capital turnover.

4.1.8 Fixed Asset Turnover:

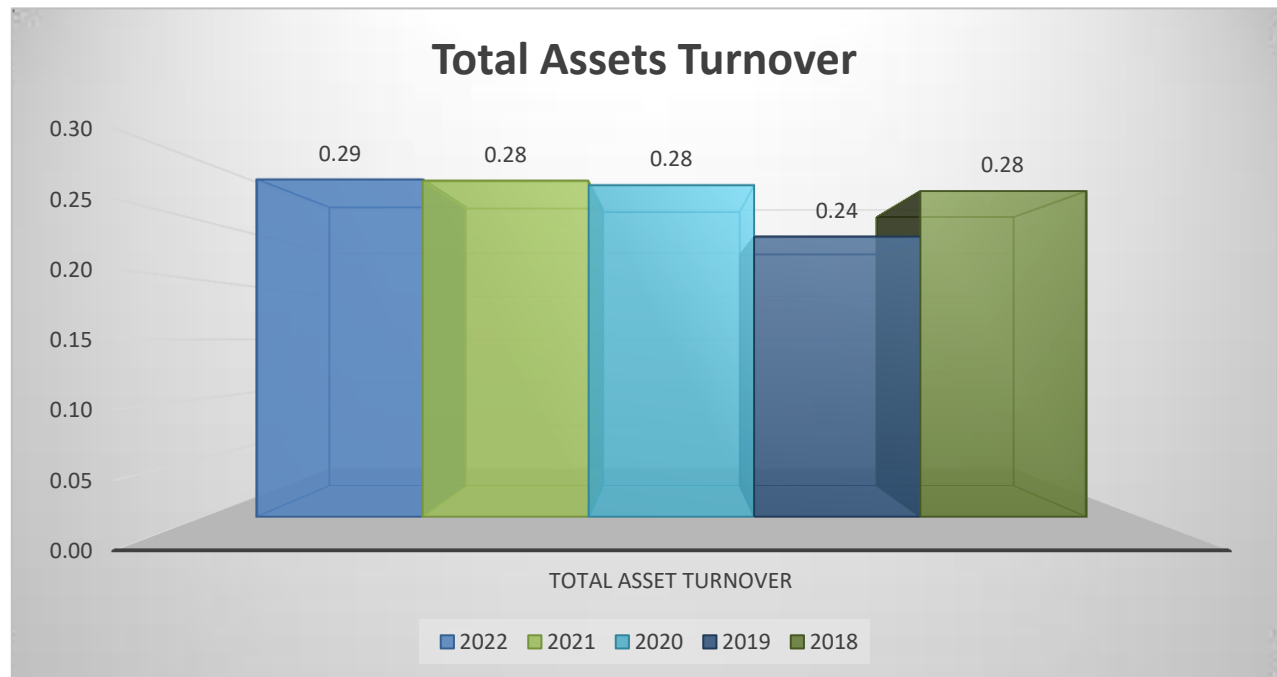
Activity Ratio	2022	2021	2020	2019	2018
Fixed Asset Turnover	0.38	0.32	0.33	0.33	0.34



Fixed assets turnover shows how effectively the company is generating sales by utilizing its fixed assets. Here, UAEL fixed asset turnover decreased over time from .34 to .32, It is usually favorable if the ratio is greater than 1. Because it suggests the business can make enough money to support itself. And all the ratios are lower than 1. That's not good for company wealth because their revenue decrease over time which means the company indicates lower efficiency. A company's failure to effectively utilize fixed assets is indicated by low fixed asset turnover. That's why we can say that fixed assets turnover decreased over time except in 2022. It's not good if the ratio is less than 1. Because that implies that the business cannot make enough money to sustain itself. That is a negative outcome for UAEL.

4.1.9 Total Asset Turnover:

Activity Ratio	2022	2021	2020	2019	2018
Total Asset Turnover	0.29	0.28	0.28	0.24	0.28

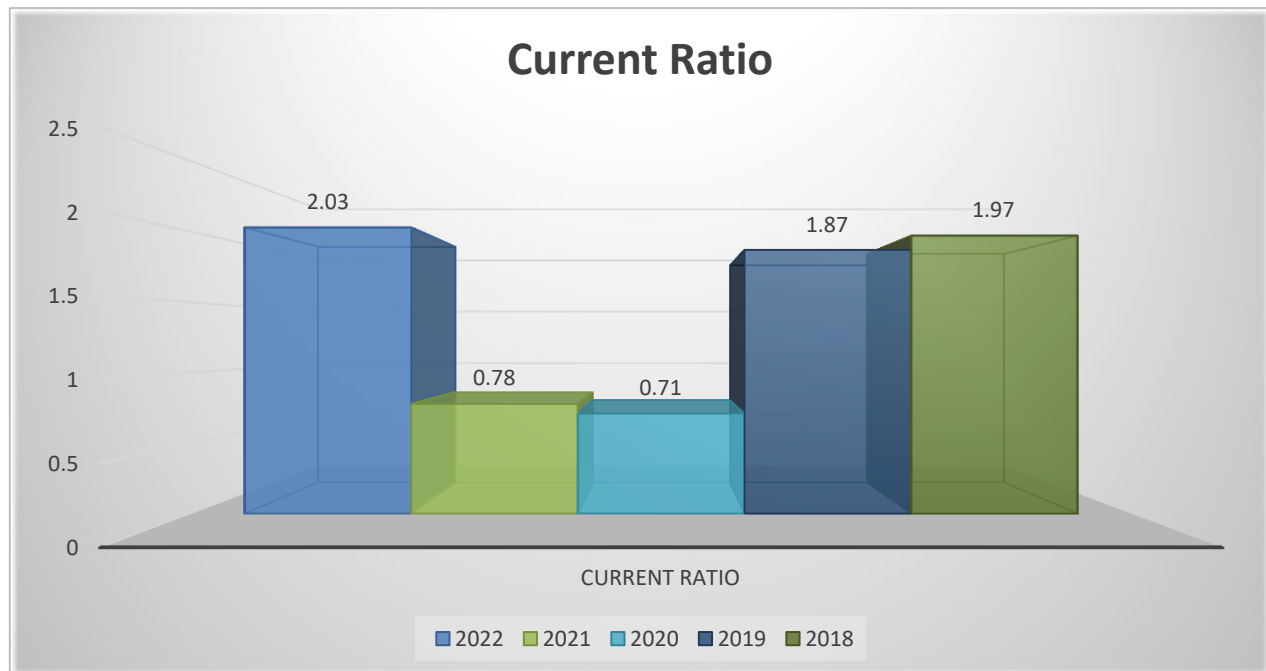


The asset turnover ratio is a measurement of how effectively UAEL assets are being used to generate revenue or sales. Here, UAEL total assets turnover is almost the same. The total asset turnover in the preceding illustration is approximately 1.5. This indicates that there is a high level of efficiency because the value of the assets that are utilized is less than the income that is created from them. Over the year it increases a little bit from .28 to .29 except in 2019. Revenue directly affects the total asset turnover. And revenue decrease over time. Because the Power Purchase Agreement that UAEL has signed with BPDB, which is its one and only customer, specifies that the tariff for this year will be lower than the tariff for the comparable year. In 2019 the lower assets turnover ratio indicates that the company is not performing well. And all the ratio is less than 1.5 which is not good for UAEL. Revenue is decreasing the total assets turnover. That's not good for the company and also decreases the net profit. That's why UAEL should take initiative for revenue and assets.

4.2 Liquidity Ratio

4.2.1 Current Ratio:

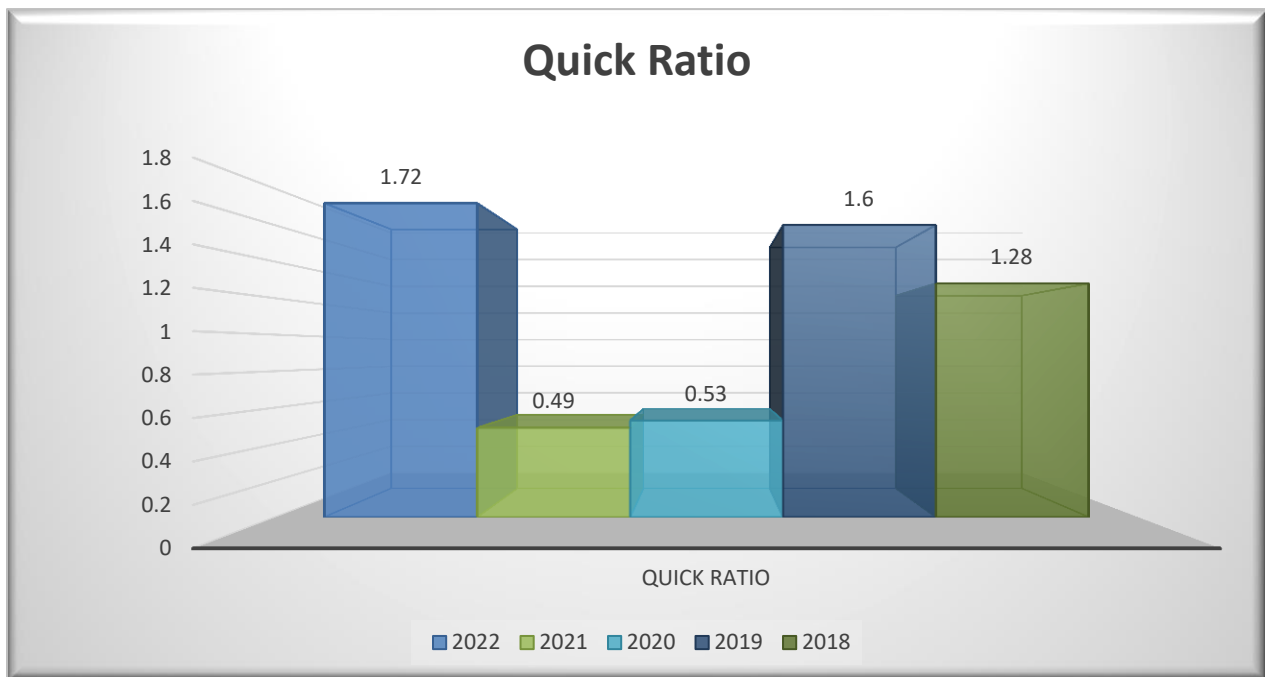
Liquidity Ratio	2022	2021	2020	2019	2018
Current Ratio	2.03	.78	.71	1.87	1.97



The current ratio is a well-known liquidity indicator that shows whether or not a company can meet commitments due in the following year using present assets. This ratio is calculated by dividing current liabilities by current assets. Here, UAEL fixed asset turnover decreased over time from 1.97 to .78 from 2018 to 2021. This indicates that the company current assets decreased over time and the advance income tax affects the current assets. That's a direct impact on the current ratio and for that reason, UAEL does not have sufficient resources to fulfill its short-term commitments at this time. And in 2022 it increased by 2.03. which indicates the company has sufficient resources to fulfill its short-term commitments at this time.

4.2.2 Quick Ratio:

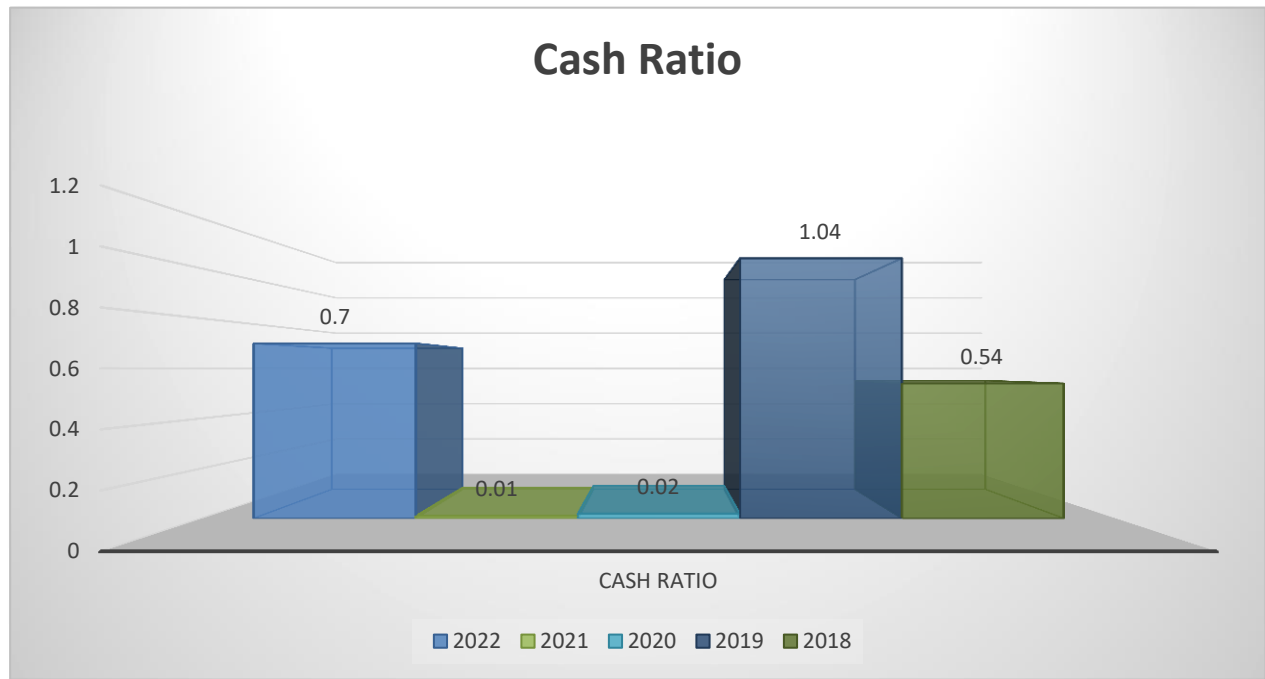
Liquidity Ratio	2022	2021	2020	2019	2018
Quick Ratio	1.72	.49	.53	1.60	1.28



UAEL capacity to satisfy its short-term obligations using its most liquid assets can be measured using a metric known as the quick ratio. From 2018 to 2019 UAEL quick ratio increased over time. The amount of UAEL current obligations is equal to the total value of its liquid assets. If the ratio is high, it shows that UAEL can pay off its current creditor's multiple times over. But from .53 to .49 it decreased over time. That is not a good sign for UAEL because UAEL cash and cash equivalent decreased over time. And 2021 to 2022 it increased over time from .49 to 1.72 because their cash and receivables increased over the period. And that's ratio is significant because it indicates to both the company's management and its external investors whether or not the business will eventually exhaust its available cash.

4.2.3 Cash Ratio:

Liquidity Ratio	2022	2021	2020	2019	2018
Cash Ratio	.70	.01	.02	1.04	.54



The cash ratio is a measure of liquidity that indicates whether or not a company can meet its short-term obligations solely through the use of cash and cash equivalents. From 2018 (.54) to 2019 (1.04) UAEL cash ratio increased over time. A higher result indicates the company is more capable of paying down its short-term liabilities with the money it has available in the form of short term assets. But from 2020 to 2021 it decreased over time from 0.02 to 0.01. That is not a good sign for the company because UAEL cash and cash equivalent decreased over time. And 2021 to 2022 it increased over time from .49 to 1.72 because their cash and receivables increased over the period. A low cash ratio may indicate that a company is not borrowing money in a responsible manner, which poses a greater danger of the company failing its duties. Because of UAEL cash decrease over time. And in 2021 to 2022 it again increased because of cash increase over the period.

4.2.4 Defensive Interval:

Liquidity Ratio	2022	2021	2020	2019	2018
Defensive Interval	2.00	0.74	0.91	2.66	1.03

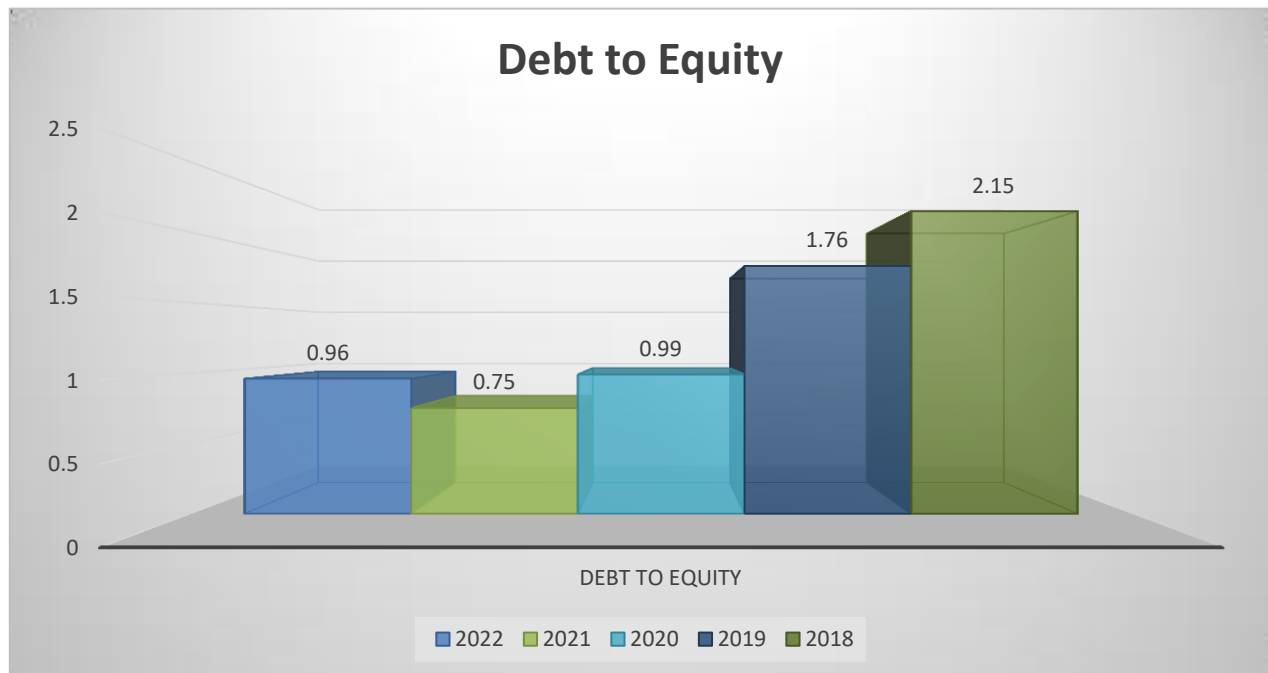


The defensive interval ratio attempts to assess how many days a UAEL can operate on liquid assets alone. From 2018 to 2019 UAEL defensive interval increased from 1.03 to 2.66 over time. Because of UAEL average daily expenditure increases over time. That affected the most. From 2020 to 2021 it decreased over the period from .91 to .71 because of their average daily expenditure increased. That affected the defensive interval. And that's why the liquid amount decreased over time. And cash and cash equivalent decreased over the period. And from 2021 to 2022 UAEL defensive interval increased from .74 to 2. Which indicates that cash and cash equivalent increased over time. That liquid asset helps to operate their operations and other factors.

4.3 Solvency Ratio

4.3.1 Debt to Equity:

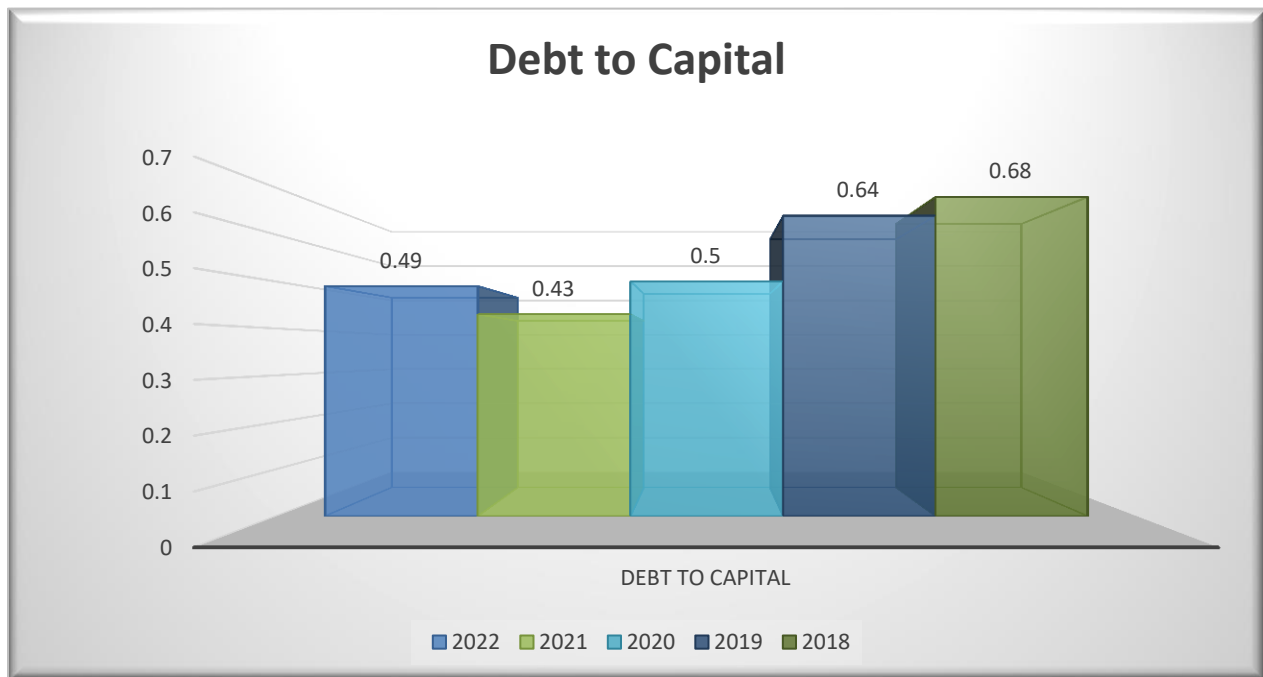
Solvency Ratio	2022	2021	2020	2019	2018
Debt to Equity	.96	.75	.99	1.76	2.15



The debt-to-equity (D/E) ratio, which measures UAEL financial leverage, is obtained by dividing its total liabilities by the value of its shareholders. Determine how heavily UAEL relies on debt by comparing its total liabilities to its shareholder equity using the D/E ratio. Generally, A lower debt ratio is preferred as it indicates less debt on a company's balance sheet. It's difficult to borrow money when the ratio is greater. Here we can see that over the years equity debt decreased over time from 2.15 to .96. Total liability decreased over time because their current tax liability decreased. UAEL's shareholder's equity increased over time which indicates UAEL debt-to-equity ratio decreased over time. Comparing decreasing trend for the last 5 years is a good sign for UAEL.

4.3.2 Debt to Capital:

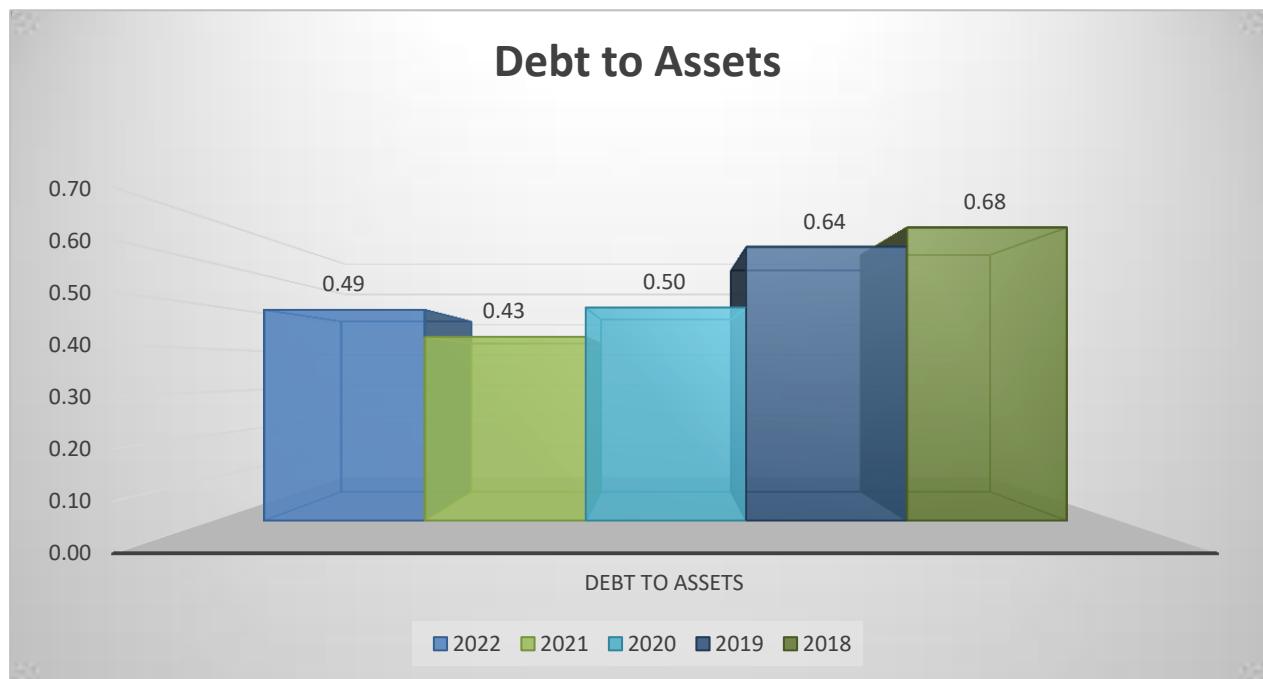
Solvency Ratio	2022	2021	2020	2019	2018
Debt to Capital	.49	.43	.50	.64	.68



According to the total debt to capitalization ratio, which serves as a measure of a company's solvency, a certain proportion of its assets are financed with debt, in comparison to the amount of equity that is utilized for the same reason. Here, UAEL debt to capital ratio decreases over time from .68 to .49 from the year 2018 to 2022. The reason is total liability decreased over time because their current tax liability decreased. Borrowings decrease over the years due to regular payment of the outstanding loan. Due to the net profit increased retained earnings also increased that affecting shareholder equity. That's why the debt-to-capital ratio decreases over time, which is good for the UAEL. Generally, a company's financial structure and suitability for investment are often better understood by analysts and investors when the debt-to-capital ratio is lower.

4.3.3 Debt to Assets:

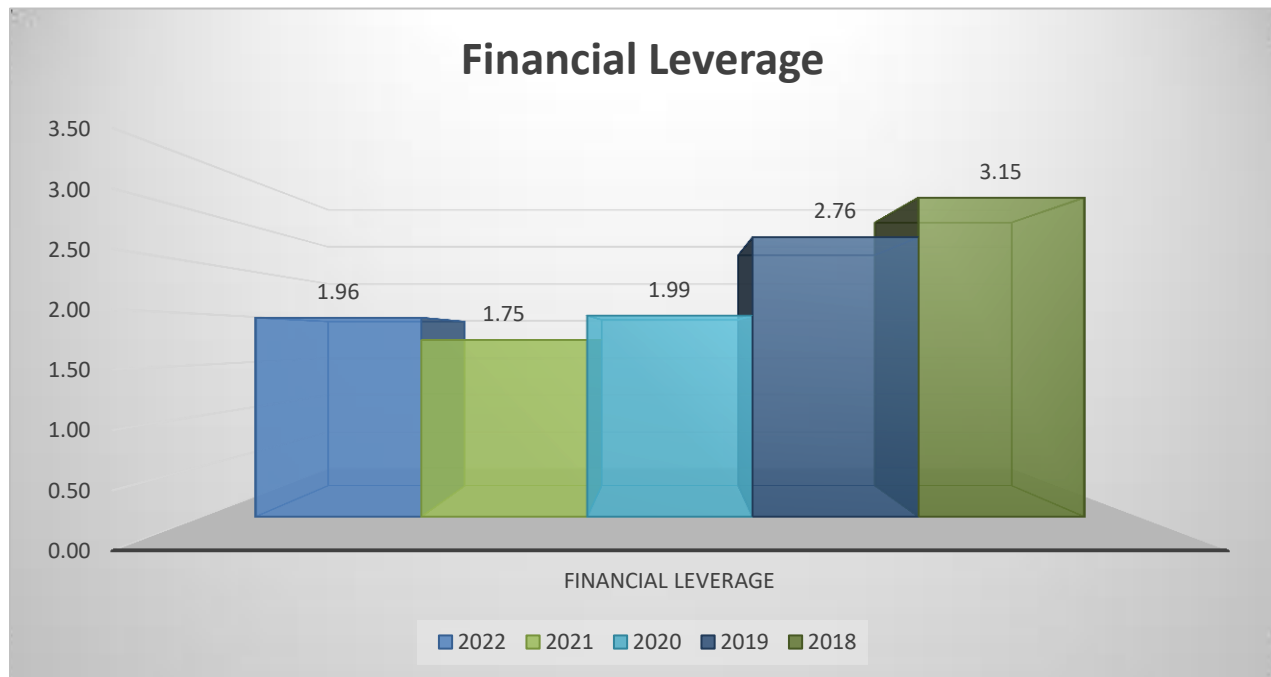
Solvency Ratio	2022	2021	2020	2019	2018
Debt to Assets	.49	.43	.50	.64	.68



Total debt to total assets, a measure of leverage, indicates how much debt UAEL has in relation to its assets. Debt to assets is very important for UAEL for determining the financial risk of a company. A company's assets are more likely to be financed by equity when the ratio is lower than 0.5. As a result, UAEL often has greater flexibility since it may alter its future dividend plans for shareholders by raising, lowering, pausing, or even eliminating them. Therefore, UAEL is given a safer indication when the ratio is smaller. UAEL's debt-to-asset ratio decreases over the years from .68 to .49. Total liability decreased over time because their current tax liability decreased. And borrowings decrease over the years due to regular payment of the outstanding loan. That's why UAEL debt-to-asset ratio decreases over the years which indicates the good position of the company.

4.3.4 Financial Leverage:

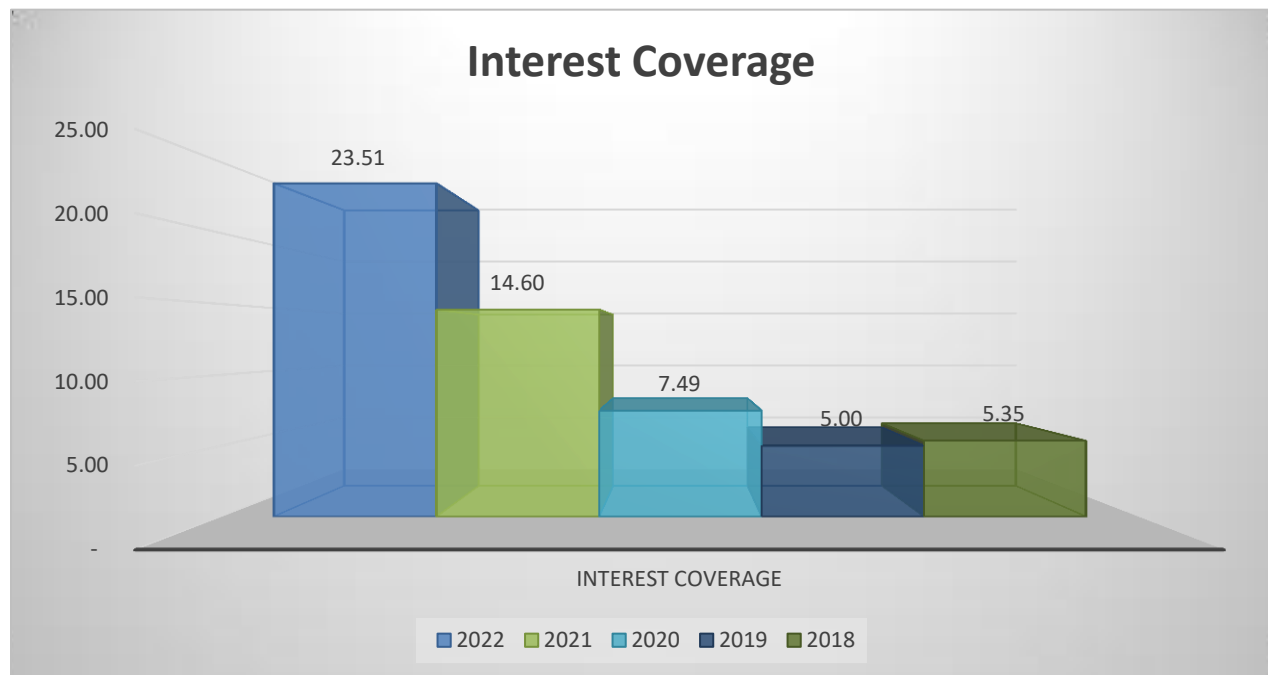
Solvency Ratio	2022	2021	2020	2019	2018
Financial Leverage	1.96	1.75	1.99	2.76	3.15



Financial leverage is when debt is used to purchase additional assets. Here, UAEL financial leverage decreases over time from 3.15 to 1.96. That's good for the company because the lower the leverage ratio is, the easier it will be to secure a loan. That directly impacts the total assets and equity. On the other side, total equity increases over time. Due to the net profit increasing, retained earnings also increased, which directly impacts total equity. The greater the ratio, the greater the financial risk, and the likelihood that you will be granted favorable loan conditions decreases. UAEL's financial leverage is decreasing over time, which signifies a good sign for this company.

4.3.5 Interest Coverage:

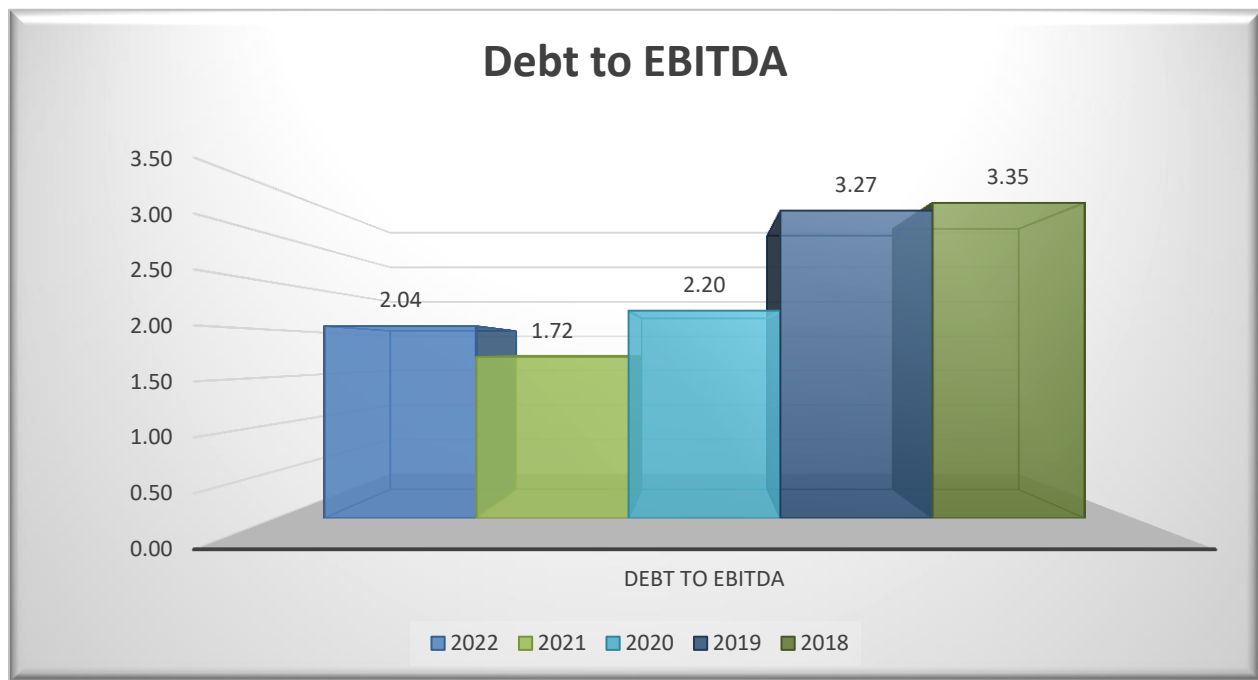
Solvency Ratio	2022	2021	2020	2019	2018
Interest Coverage	23.51	14.60	7.49	5	5.35



The interest coverage ratio gauges UAEL capacity to manage its outstanding debt. In contrast to lower ratios, larger ratios indicate that a company is better positioned to pay its obligations. UAEL interest coverage significantly increased over time from 5.35 to 23.51. That means that the company is poised for growth. Stronger financial health is indicated by a greater interest coverage ratio. Their operating profit increases and interest payment decreases over time which signifies the good position of this company.

4.3.6 Debt to EBITDA:

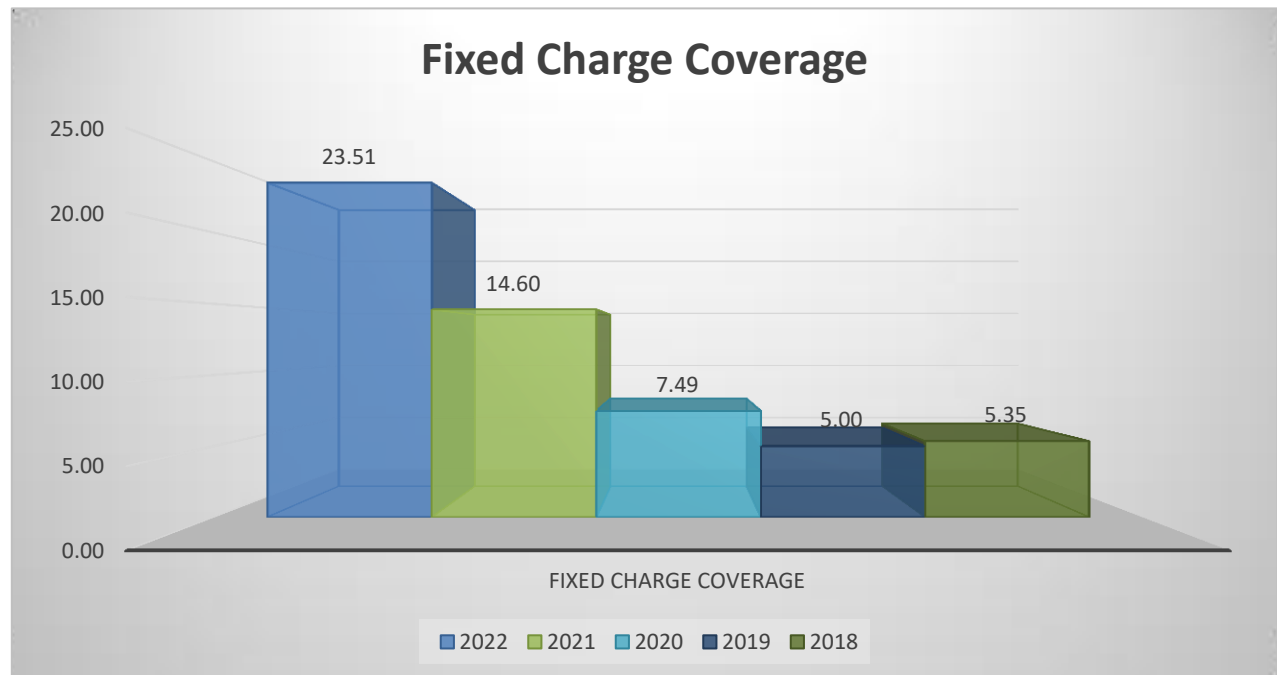
Solvency Ratio	2022	2021	2020	2019	2018
Debt to EBITDA	2.04	1.72	2.20	3.27	3.35



EBITDA is remained constant, along with a ratio indicating the number of years it would take for a business to pay off its debt. Here, UAEL's debt to EBITDA decreased over time from 3.35 to 2.04. The lower ratio indicates that a company is more likely to effectively pay off its debt if the ratio is lower. If the rate is high, this suggests that UAEL could have future financial trouble. It is a bad indicator for the business. In above scenario, UAEL debt to EBITDA decreases over time that's good for the company's evaluation. Because the company pays off its debt as per the timeline moreover the company fully paid off its Int'l loan in 2020. Ratios over 4 or 5 often raise red flags since they show that a business is less likely to be able to manage its debt load.

4.3.7 Fixed Charge Coverage:

Solvency Ratio	2022	2021	2020	2019	2018
Fixed Charge Coverage	23.51	14.60	7.49	5	5.35

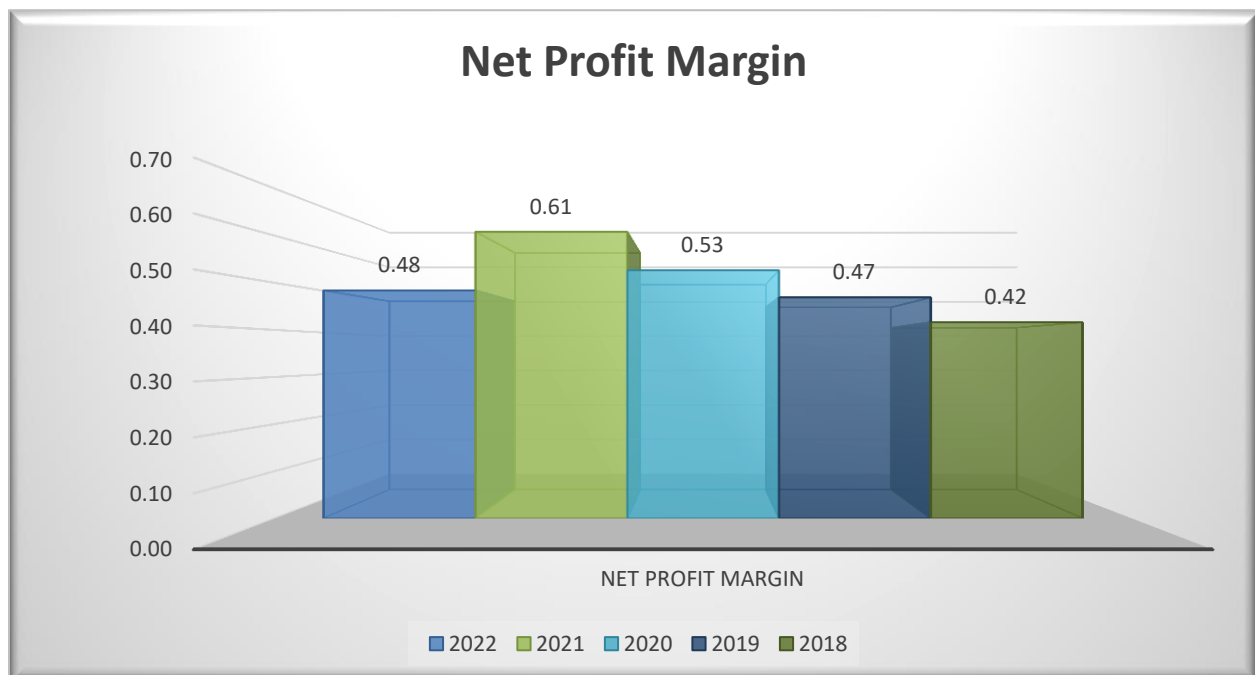


The FCCR, or Fixed Charge Coverage Ratio, conceptually determines how many times UAEL might pay off its yearly fixed costs, and when it is a debt covenant, it also controls the company's capacity to get new debt from lenders or refinance existing debt. UAEL fixed charge coverage increases over time from 5.35 to 23.51. Due to the full payment of the Int'l loan, the interest payment was getting down which reflects in a higher coverage ratio for the company. Good fixed charge coverage results in higher free cash flow and a larger capacity to accept further financial commitments in the future, should that be necessary. It also implies that less company income is being utilized to meet fixed payments and obligations. UAEL's five years of consistently higher fixed charge coverage year after year are a very good sign for the company.

4.4 Profitability Ratio

4.4.1 Net Profit Margin:

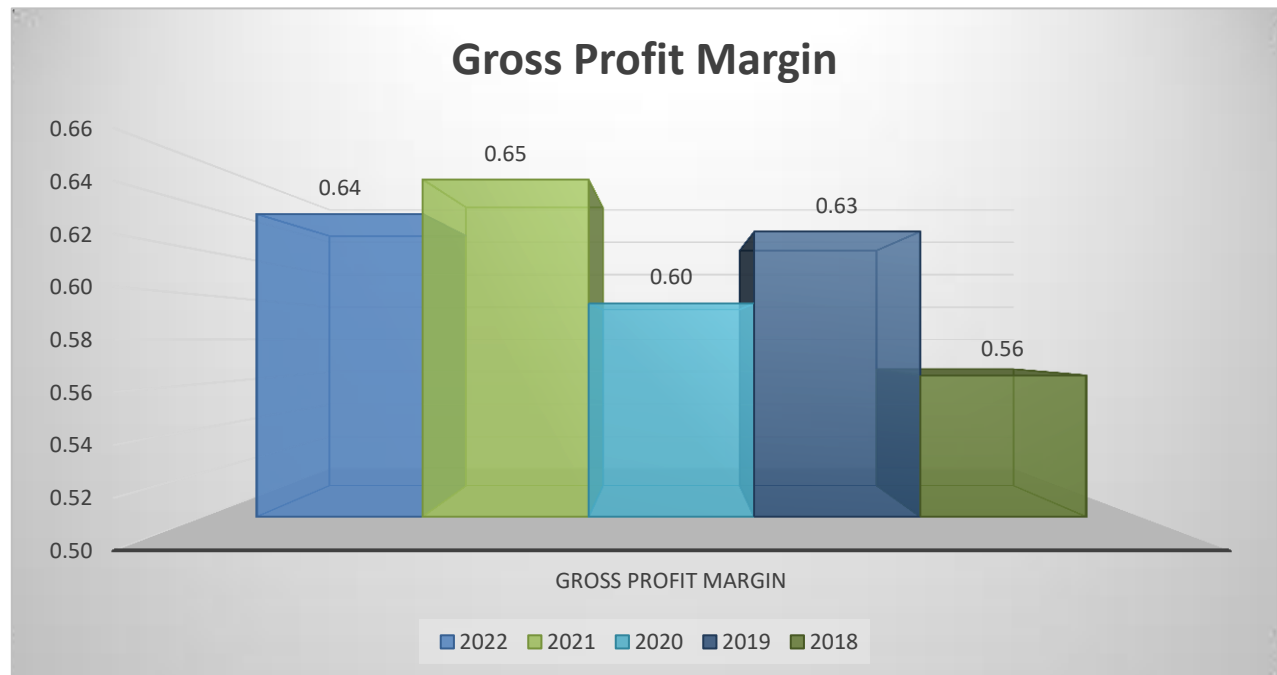
Profitability Ratio	2022	2021	2020	2019	2018
Net Profit Margin	.48	.61	.53	.47	.42



The amount of profit or net income created is shown by NPM, which is a percentage of sales. It is the proportion of a company segment's net earnings to revenues. A greater net profit margin means that a business is effective at controlling expenses and/or selling products and services for much more than they are worth. UAEL NPM increased from 2018 to 2021; stood up from .42 to .61 which is a very much positive sign for the company. But in the year 2022, it went down to .48 because of a higher fluctuation rate of dollar price which resulted in foreign exchange loss against it. We can conclude from the research above that the net profit margin is adequate.

4.4.2 Gross Profit Margin:

Profitability Ratio	2022	2021	2020	2019	2018
Gross Profit Margin	0.64	0.65	0.60	0.63	0.56



The gross profit margin displays the profit before accounting for business and financial costs. The higher the margin, the better the management of UAEL is at turning a profit on every dollar invested. Here UAEL's gross profit margin increased from FY 2018 to FY 2022 from .56 to .64 which is a good sign for this company. The major reason behind it was revenue increase and also the cost of sales decreased over time. But in 2020 gross profit margin decreased from .63 to .60 because UAEL cost of sales increased in 2020 which affect the gross profit margin. From the above analysis, we can say that the gross profit margin is good. Which signifies the good position of this company.

4.4.3 Operating Profit Margin:

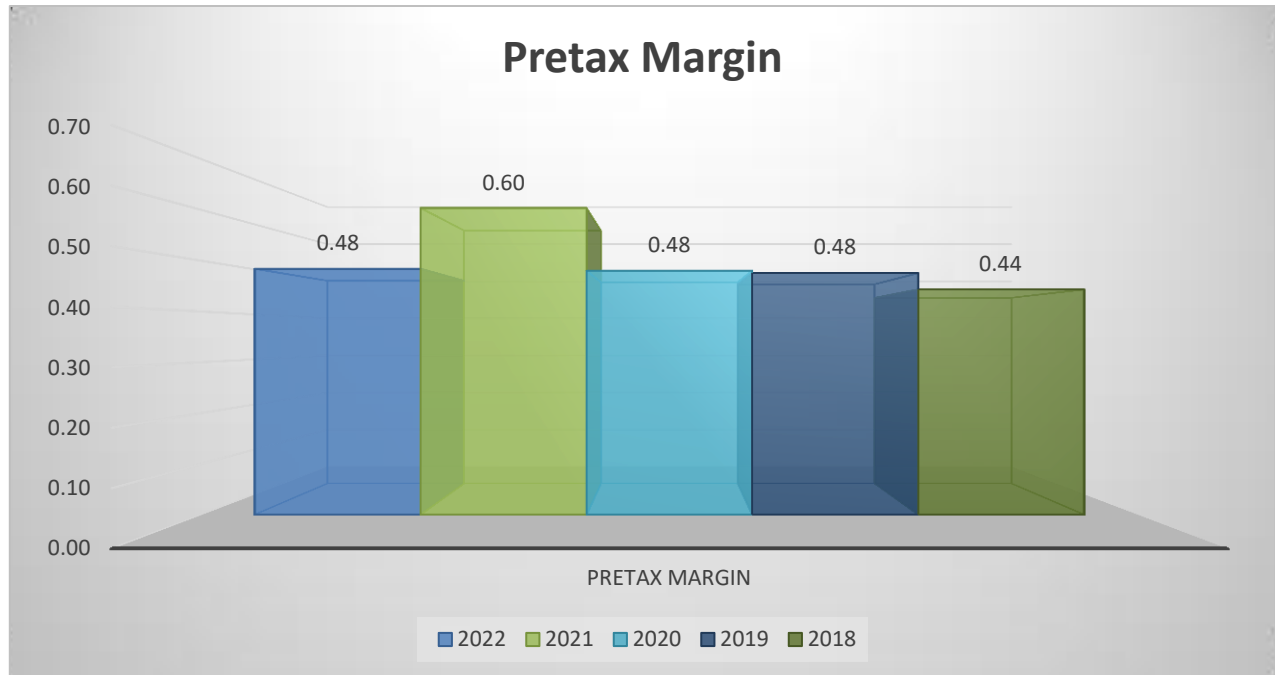
Profitability Ratio	2022	2021	2020	2019	2018
Operating Profit Margin	.63	.65	.59	.63	.56



Net sales are reduced by the cost of products sold, selling, general, and administrative expenditures to arrive at the operating profit margin. UAEL operating profit margin increased over time from .56 to .65 in the FY 2018 to 2021 which is good for the company. Because revenue decreased but COGS decreased and administrative expenses didn't increase at the same pace which directly impacts the operating profit. In 2020, it decreased merely from 2019 from .63 to .59 due to its increased COGS & administrative expenses. In the year 2022, it decreased merely from 2021 from .65 to .63 due to its increased COGS & administrative expenses. UAEL cost of sales increased this year which affect the operating income. In this analysis, we can say that the overall impact is good for the company.

4.4.4 Pretax Margin:

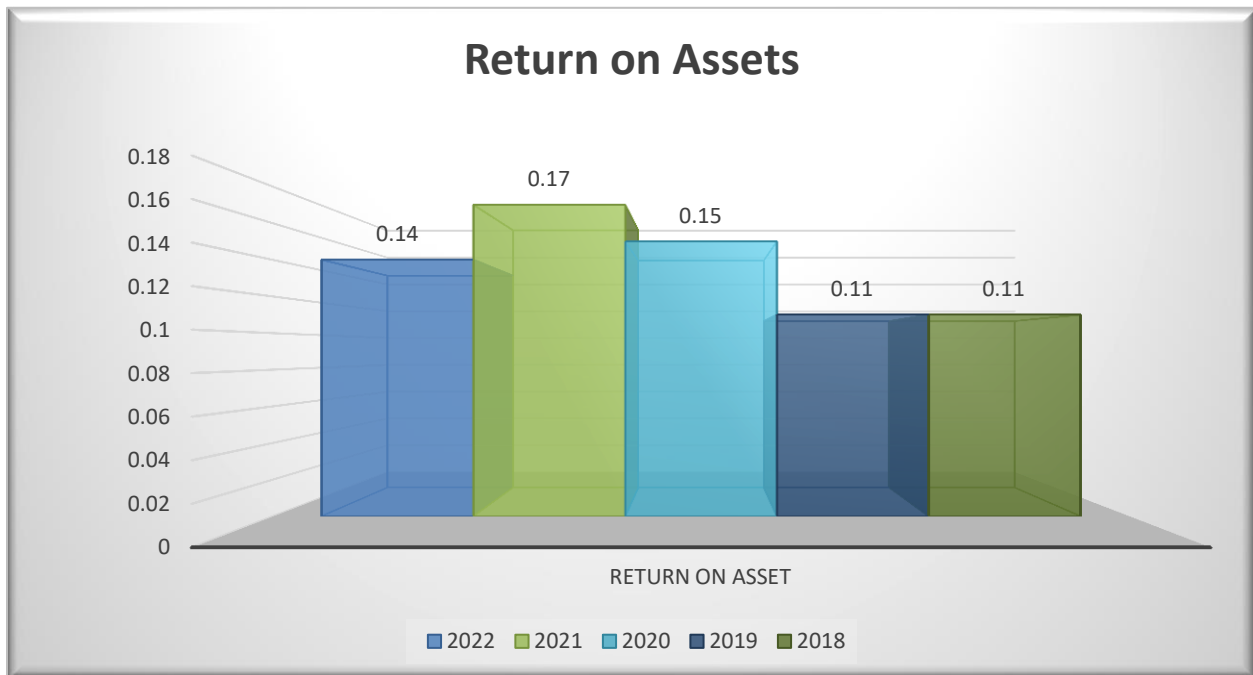
Profitability Ratio	2022	2021	2020	2019	2018
Pretax Margin	.48	.60	.48	.48	.44



The pre-tax margin ratio, which is calculated by dividing income before taxes by revenue, demonstrates how much profit UAEL makes from operations before tax costs. In the above situation, we can say that UAEL pretax margin was almost the same over time from .44 to .48 from 2018 to 2022. But in 2021 it was high at .60 due to financial cost and foreign exchange loss was comparatively less than in other years which caused higher profit. Pretax profit margins that are consistently high indicate a thriving company with a successful pricing strategy. As the pre-tax margin is very consistent over the years it's good for UAEL.

4.4.5 Return on Assets:

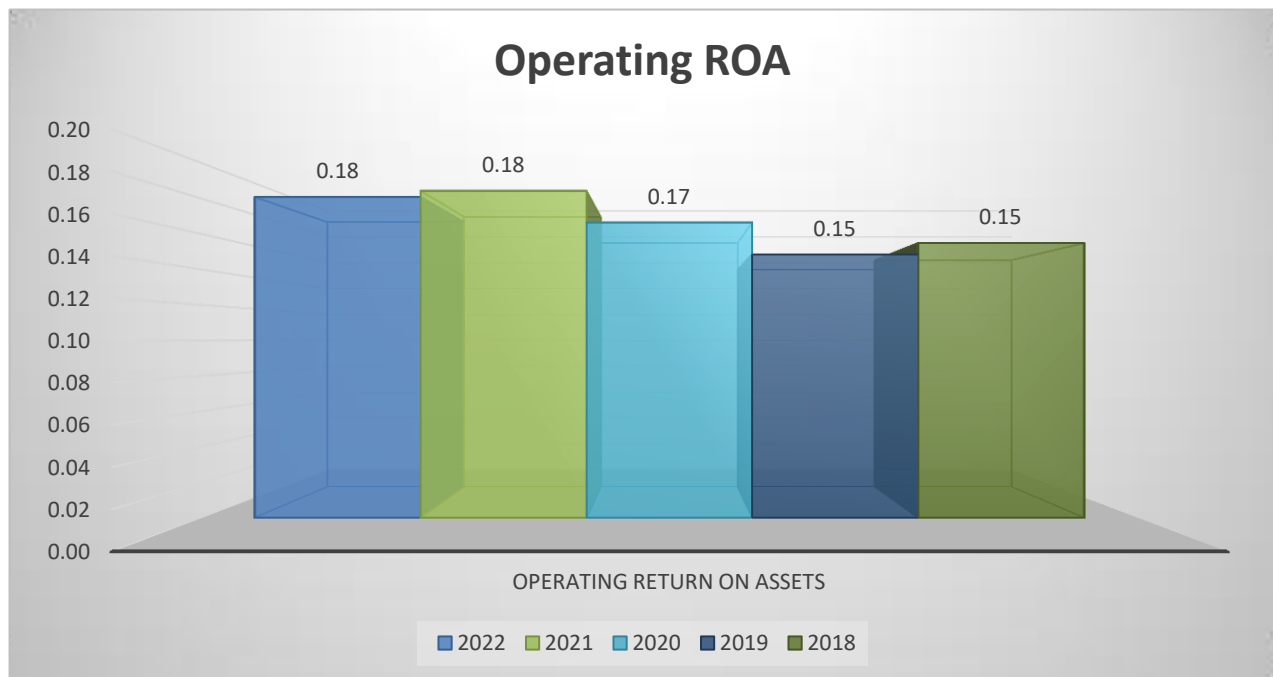
Profitability Ratio	2022	2021	2020	2019	2018
Return on Assets	.14	.17	.15	.11	.11



The return on assets (ROA) indicator contrasts a company's profitability with its total assets. The profitability ratio that is utilized the most is return on assets. Here, UAEL's return on assets increased over time from .11 to .14. In this situation, total assets increase over time that direct impact on the ROE. And also, net income increases over the year. In general, a company is more effective at making profits if its ROA is greater. Since the business may make more money with less investment, the higher the ROA figure, the better. Simply put, a higher ROA translates into greater asset efficiency. A positive sign for the organization is rising ROE over time.

4.4.6 Operating Return on Assets:

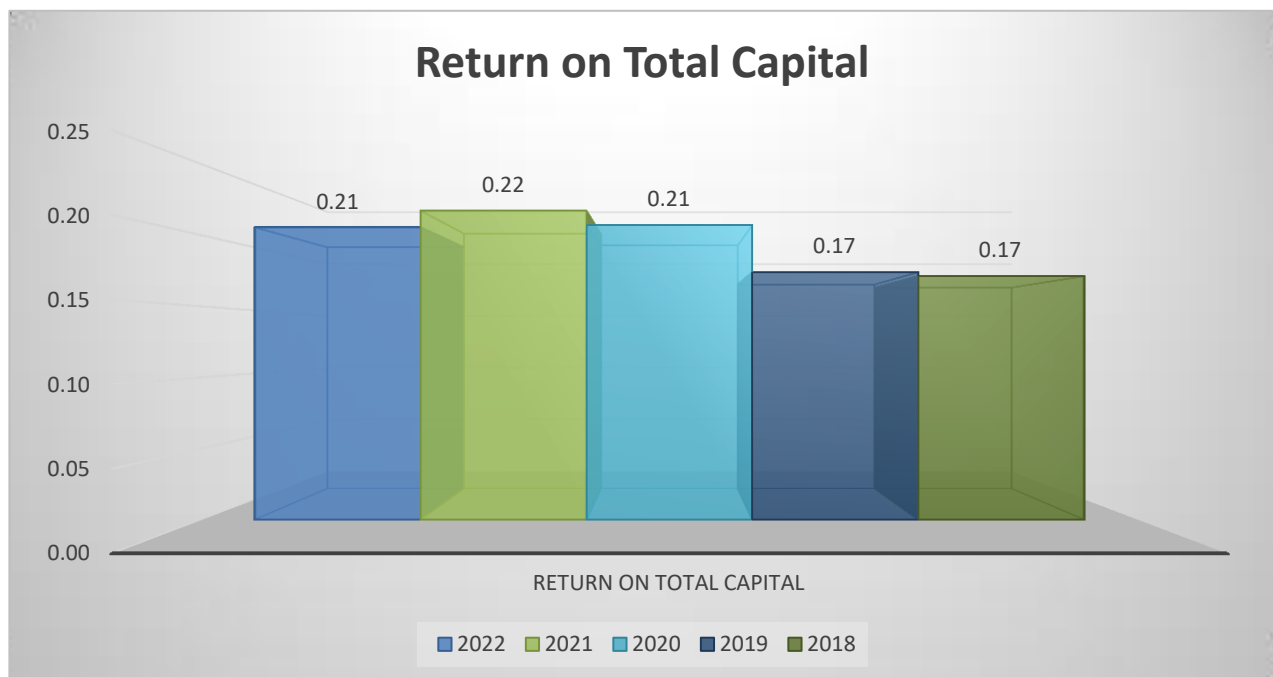
Profitability Ratio	2022	2021	2020	2019	2018
Operating Return on Assets	.18	.18	.17	.15	.15



Operational return on assets (ROA) is a measure of how much operating profit UAEL makes for every dollar invested in total assets. UAEL's operating return on assets increased over time from .15 to .18. Simply put, a higher ROA translates into greater asset efficiency. Because revenue decreased but the COGS decreased and administrative expenses didn't increase at the same pace which directly impacts the operating profit. In general, a company is more effective at making profits if its ROA is greater. Which is in good condition & more efficient for the company (UAEL).

4.4.7 Return on Total Capital:

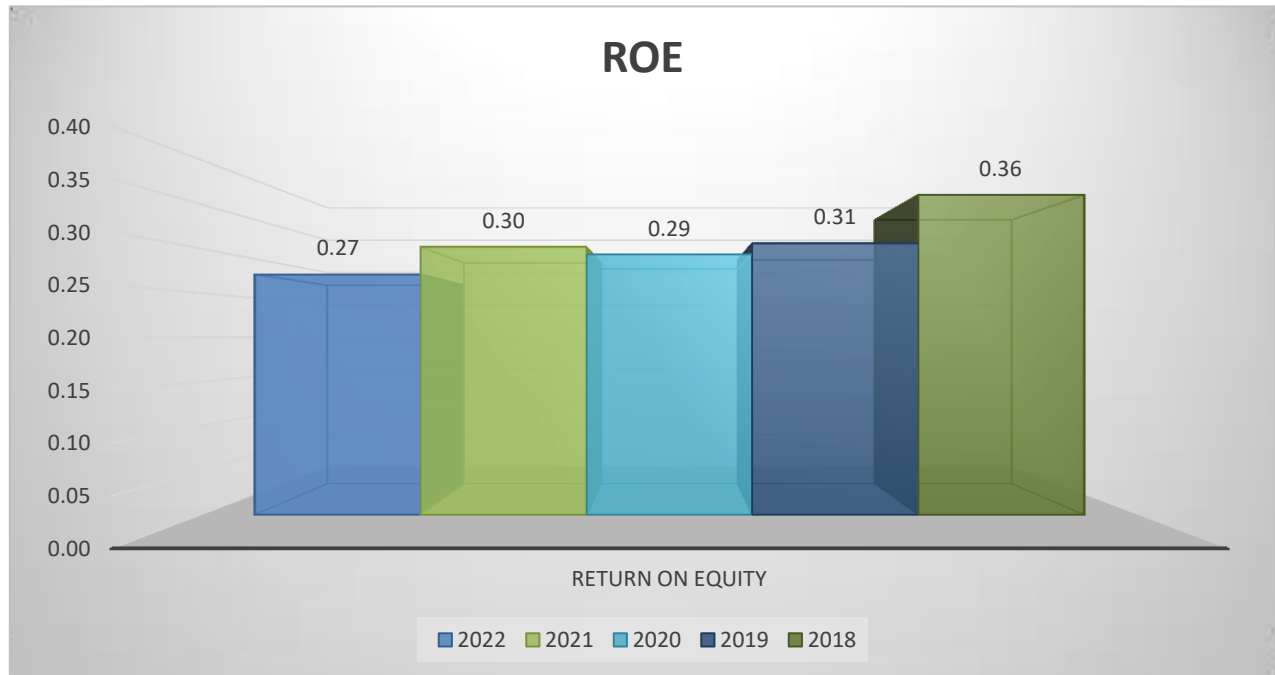
Profitability Ratio	2022	2021	2020	2019	2018
Return on Total Capital	.21	.22	.21	.17	.17



EBIT, or profits before interest and taxes, is calculated as a percentage of total capital and is known as return on total capital (ROTC). It gauges how well a business utilizes its investment money. In the above graphical scenario, UAEL's return on the total capital increased over time from .17 to .21. Due to revenue decrease and the cost of goods sold decreased which directly impacts higher operating profit. And also, assets increased over the year which is a direct impact on the total capital. And UAEL returns on the total capital increased over time. An ultimate positive result on the return on total capital is good for the company. The highest pick point was .22 in 2021. The five years overall reflection is a positive sign for the company's efficiency.

4.4.8 Return on Equity:

Profitability Ratio	2022	2021	2020	2019	2018
Return on Equity	.27	.30	.29	.31	.36

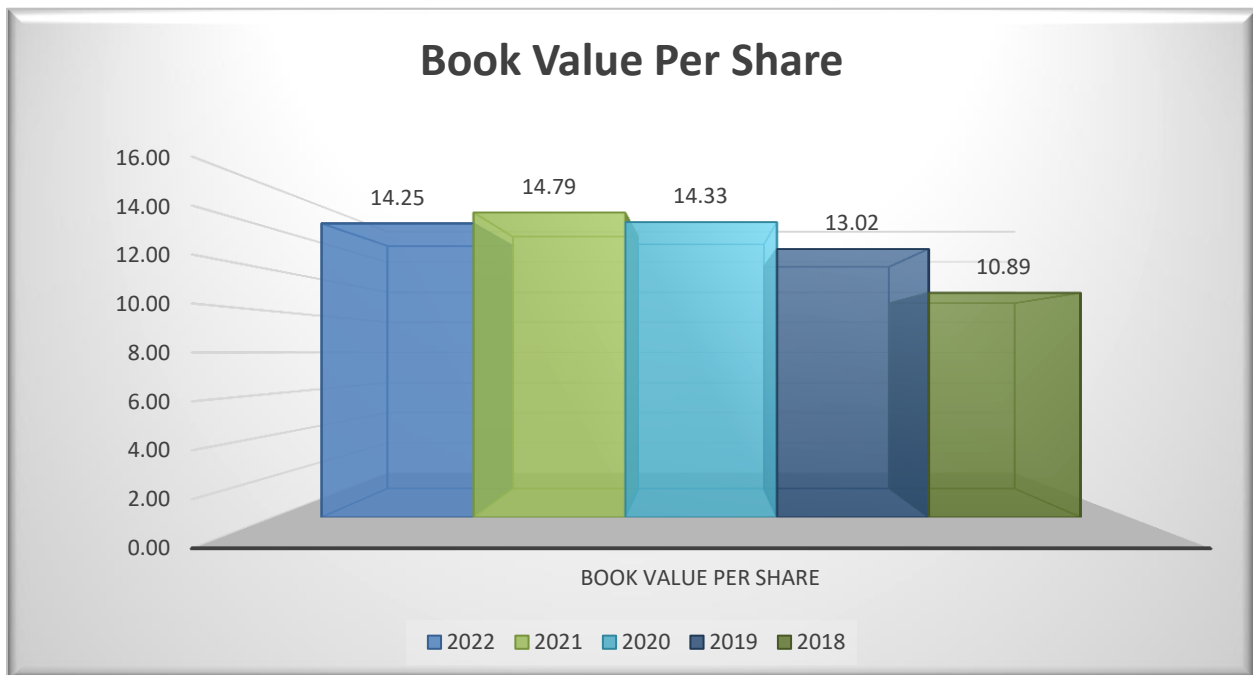


A company's yearly return (net income) is calculated as a percentage of the value of its entire shareholders' equity, and this is known as return on equity (ROE). An increasing ROE indicates that the business is generating more revenue with less capital. Here, UAEL return on equity decreased over time from .36 to .27. A company's profitability and the efficiency with which it makes those earnings are gauged by its return on equity (ROE). The better a company is at turning its equity funding into profits, the higher the ROE. But UAEL return on equity decreased which is not good for the company as it directly affects the net income. Due to the interim dividend being paid as a result retained earnings were less than the other comparative years, that's why the highest margin was found in 2018, otherwise, the margin ratio was close to comparative years.

4.5 Market Ratio

4.5.1 Book Value Per Share:

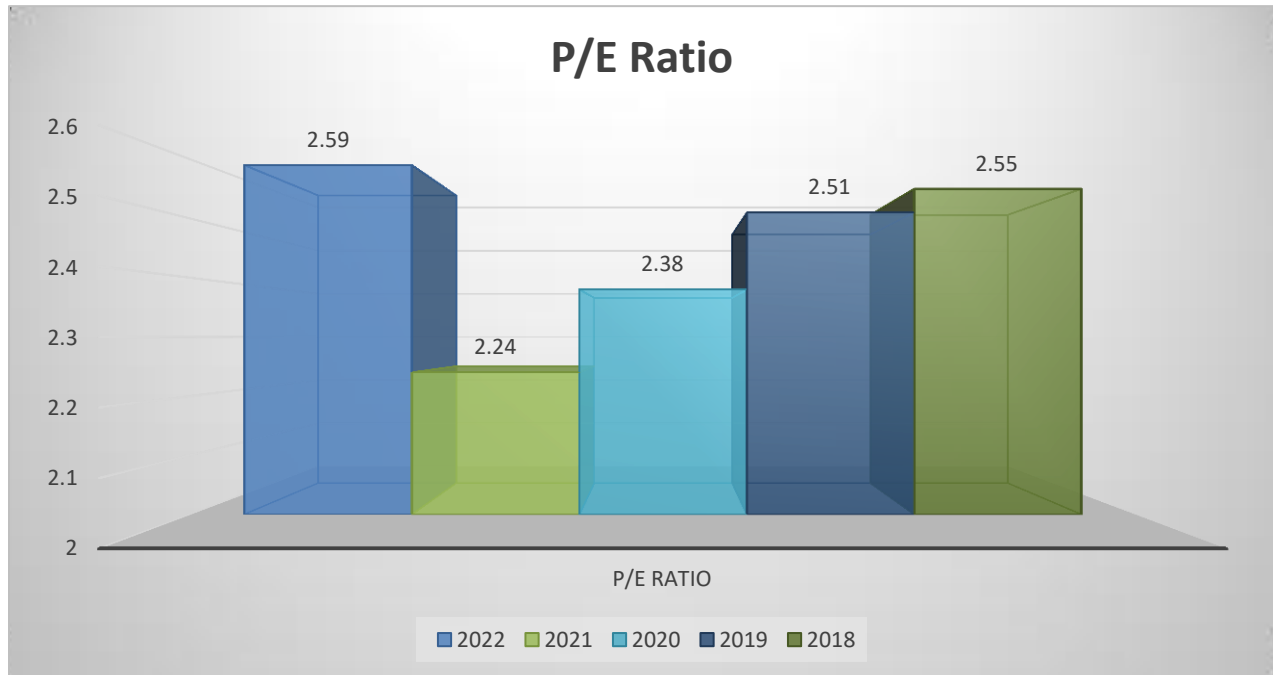
Market Ratio	2022	2021	2020	2019	2018
Book Value Per Share	14.25	14.79	14.33	13.02	10.89



According to this ratio, a company's earnings are divided by the number of outstanding shares of common stock. Since it breaks down an organization's earnings on a per-share basis, the EPS is one of the crucial factors used to determine how valuable a company is. UAEL net profit margin increased over time. It shows that the business is better at turning revenues into actual profit. It increases over the years, and EBT also increased over the years. Their earnings gradually went up from BDT 10.39 to BDT 14.25 in the year 2018 to 2022. There is BDT 14.79 in 2021 which was the highest earning per share in five years. Overall, this increasing trend is very positive for UAEL.

4.5.2 P/E Ratio:

Market Ratio	2022	2021	2020	2019	2018
P/E Ratio	2.59	2.24	2.38	2.51	2.55



Since it breaks down a company's earnings on a per-share basis, the EPS is one of the crucial factors used to determine how valuable a company is. It is a well-liked ratio that provides investors with a better understanding of the worth of the business in terms of potential profitability and corporate development. In 2022 ratio increased to 2.59. UAEL with a high P/E ratio may have promising growth prospects. Here UAEL P/E ratio decreases over time from 2018 to 2021. The better the company and prospective investors' P/E ratio is, the lower it should be. The ratio is calculated by dividing the stock price of UAEL by its profits per share.

4.6 Vertical Analysis

4.6.1 Statement of Profit or Loss (Vertical Analysis):

United Ashuganj Energy -(UAEL) Statement of Profit or Loss and Other Comprehensive Income As at 30 June 2022-2018					
Particulars	Amount in Taka				
	2022	2021	2020	2019	2018
Revenue	100%	100%	100%	100%	100%
Cost of sales	36%	35%	40%	37%	44%
Gross Profit/(Loss)	64%	65%	60%	63%	56%
Other Operating Income	0.001%	0.001%	0.001%	0.067%	0.028%
General and Administrative Expenses	0.306%	0.296%	0.267%	0.225%	0.169%
Operating Profit	63%	65%	59%	63%	56%
Finance Income	0.05%	0.10%	1%	2%	8%
Finance Costs	5%	5%	11%	15%	12%
Net Finance Costs	5%	5%	10%	13%	4%
Foreign Exchange Loss	10%	0.003%	1%	3%	7%
Profit Before Tax	48%	60%	48%	48%	44%
Income Tax Expenses	0.02%	-0.5%	-5%	1%	3%
Profit After Taxation	48%	61%	53%	47%	42%
Other Comprehensive Income/(Loss)	-	-	-	-	-
Total Comprehensive Income	48%	61%	53%	47%	42%

Cost of sales: As per the above analysis cost of sales was highest at 44% in the year 2018 among the comparative years due to higher plant factors or production of electricity. In the other years, it decreased by 37%, 40%, 35% & 36% in the year 2019, 2020, 2021 & 2022 respectively because of plant factors or production of sales decreased. This cost includes depreciation, amortization of right-of-use assets, gas consumption, inventory consumption, plant overhead, and other costs. This is the most important cost against the revenue which determines the gross profit.

Other Operating Income: The company's scrape or other sales include in this head increased in 2019 but decreased in 2020, 2021 & 2022.

General and Administrative Expenses: The administrative expense includes board meeting fee, legal expenses, fees and renewals depreciation, and others. Administrative expenses increased over time due to the increase in legal fees, board meeting fees, and license & renewal fees. It is an operating expense.

Finance Income: There was an interest-bearing intercompany loan given to the group in 2018, so interest income was higher in 2018. The loan was fully paid off by the group in 2019 as a result substantial interest income fell in 2019 & onwards. This head includes interest income from any FDR investment, bank account, and related party loan.

Finance Costs: This is the most important part of the company that indicates mostly the borrowing cost. This head includes interest on long-term/short-term loans, bank guarantee commission, any other financial fees & bank charges. It decreased over the years from 2018 to 2022. In 2019 increased 2018 due to a higher exchange rate through the payment of interest against the loan in USD. The company entirely paid its int'l loan in the year 2020. After that, finance cost massively decreased in 2021 & 2022 from 12% to 5%. Finance cost is non-operating expenses.

Foreign Exchange Loss: As per our analysis we found fluctuation of the exchange rate higher in 2018 & the last year 2022. As a result, the exchange loss was also found higher in both years by 7% & 10% respectively. Due to full repayment of the int'l loan and also less fluctuation of the foreign exchange rate, the yearly exchange loss decreased in 2019, 2020 & 2021 by 3%, 1% & .003%.

Income Tax Expenses: Income tax expense is non-operating expenses. The company is tax exempted from its operational income. Tax is only applicable on its other & finance income. In the year 2018, there was an interest income against an intercompany loan which makes a big amount of tax expense. But in 2020 & 2021 the tax provision expenses were reversed due to the final settlement of the tax liability being zero claimed by the tax authority.

As per mentioned financial data, we found the company's gross & net profits increased from 2018 to 2022 in a sustainable manner. In light of the above analysis, we can say that due to the decrease in the cost of sales and finance cost the company secure its sustainable profit despite bearing foreign exchange loss & less revenue than the comparative year.

4.6.2 Statement of Financial Position (Vertical Analysis):

United Ashuganj Energy -(UAEL) Statement of Financial Position As at 30 June 2022-2018					
Particulars	Amount in Taka				
	2022	2021	2020	2019	2018
ASSETS					
Property, Plant & Equipment	74%	87%	84%	71%	79%
Right-of-Use Asset (RoU)	1%	2%	2%	-	-
Prepaid Lease Rent	-	-	-	1%	2%
Non-current Assets	75%	88%	86%	73%	81%
Inventories	3%	4%	3%	3%	2%
Trade & Other Receivables	12%	7%	10%	8%	7%
Advances, Deposits & Pre-payments	0.04%	0.04%	0.03%	1%	1%
Receivable from Related Party	0.33%	0.32%	0.23%	0.10%	3%
Advanced Income Tax	-	-	-	0.10%	0.04%
Cash & Cash Equivalents	8%	0.14%	0.30%	15%	5%
Current Assets	25%	12%	14%	27%	19%
Total Assets	100%	100%	100%	100%	100%
EQUITY					
Share Capital	36%	39%	35%	28%	29%
Share Money Deposit	0.0000001%	0.0000001%	0.0000001%	0.0000000%	0.0000001%
Retained Earnings	15%	19%	15%	8%	3%
Total Equity	51%	57%	50%	36%	32%
Liabilities					
Borrowings	37%	28%	30%	49%	59%
Non-current Liabilities:	37%	28%	30%	49%	59%
Borrowings	9%	10%	4%	7%	8%
Deferred Revenue	2%	5%	2%	-	-
Trade and Other Payable	0.40%	0.31%	1%	1%	0.38%
Accrued Expenses	1%	0%	0.01%	0.22%	0.22%
Payable to Related Parties	0.06%	0.08%	12%	5%	0.11%
Current Tax Liabilities	-	-	0.14%	1%	1%
Current Liabilities	12%	15%	20%	15%	10%
Total Liabilities	49%	43%	50%	64%	68%
Total Equity & Liabilities	100%	100%	100%	100%	100%

Property Plant & Equip: No significant addition done against machinery, mainly addition against furniture & office equipment. The changes seen in the ratio are due to depreciation charged and overall changes in total assets.

Prepaid Lease Rent: decreased due to its being fully transferred under the head “Right-of-Use Asset (RoU)” as per IFRS-16 implementation in the company

Inventories: The ratio is almost the same over the years. Due to no scheduled maintenance being done against the Wartsila engines and the capacity utilization of the plant also declining over the years, the inventory balance was not changed in that manner.

Trade & other receivables: Increases over the year significantly due to the receivables from BPDB as the company’s only customer, has increased. It was 7%, 8% & 10% in 2018, 2019 & 2020 respectively whereas it went down in 2021 by 7% & again increased in 2022 by 12%. Overall, the increases happened due to the outstanding from BPDB & as same it decreases when the govt. paid off their outstanding smoothly.

Advances, Deposits & Pre-payments: It was static in the ratio by 1% in 2018 & 2019. Due to an advance premium of the int’l loan being fully adjusted in 2020 against full repayment of the loan, the ratio decreased from 2020 – 2022.

Receivable from Related Party: It was 3% in 2018 which decreases immensely in 2019,2020, 2021 & 2022 by .10%, .23%, .32%, and .33% due to paying off the related party loan in 2021.

Cash & Cash Equivalents: The ratio was 5% & 15% in 2018 respectively which was good. Due to the full payment of the int’l loan in 2020, the cash balance ratio fell from the previous years. Subsequently in the year 2022, the ratio stood up at 8%.

Current Assets: Within the 5 years current assets ratio was highest was in 2019 than in 2022 by 27 % & 25% respectively. Due to having more cash balance & trade receivable, its impact is higher in the two years 2019 & 2022. It's 14% & 12% in the years 2020 & 2021 respectively. Due to a significantly decreased cash balance for int’l loan repayment & less trade receivable balances overall decreased the current assets in these two years.

Retained Earnings: Due to interim dividend paid in 2018 & 2019 retained earnings was less than in other years 2020, 2021 & 2022.

Total Equity: As per the financial statement share capital & share money deposit has no changes over the years. The increase or decrease came through the changes against retained earnings. Interim dividends were declared & paid in the years 2018 & 2019, that's why the less ratio was seen against this year's 32% & 36% respectively. Whereas the ratios increased in 2020, 2021 & 2022 due to full years of profit transferred to retained earnings.

Non-Current Borrowings: Borrowings decrease over the years from 2018 to 2020 up to 59% to 28% due to regular payment of the outstanding loan & decrease hugely due to int'l loan being fully paid in 2020. It increases from 28% to 37% in the year 2021 to 2022 due to taking loans against preference shares.

Current Borrowings: Borrowings decrease over the years from 2018 to 2020 up to 8% to 4% due to regular payment of the outstanding loan & decrease hugely due to int'l loan being fully paid in 2020. It increases from 4% to 10% in the year 2020 to 2021 due to taking loans against short-term loans & loans taken against preference share in the year 2022.

Deferred Revenue: This pertains to the difference between capacity payments received from the customer and capacity payments recognized in the statement of profit or loss and other comprehensive income with Power Purchase Agreement (PPA) due to the straight-lining of capacity revenue over the remaining PPA term following the application of IFRS 16.

Trade and Other Payable: The ratio is very insignificant against the total liabilities & equity. Payable against gas bills is mainly included under this head. It increases if the payable is outstanding more & decreases if the gas bill less due to less consumed and paid without being late.

Accrued Expenses: Its ratio is also very insignificant against the total liabilities & equity. Among the years it increased in 2022 due to accrued dividends payable against preference shares.

Payable to Related Parties: It enormously increases in the years 2019 & 2020 due to the dividend payable to shareholder company United Energy Ltd. In the other years, the ratio is below 1%.

Total Liabilities: As a whole total liability decreased from 2018 to onwards which is a good sign for the company. Due to the entire int'l loan paid in the year 2020, a significant portion of borrowings decrease. As a result, overall liabilities decreased. In 2022 the company took a loan against preference share which increased the liabilities compared to the year 2021.

4.7 Horizontal Analysis

4.7.1 Statement of Profit or Loss (Horizontal Analysis):

United Ashuganj Energy -(UAEL) Statement of Profit or Loss and Other Comprehensive Income As at 30 June 2022-2018					
Particulars	Amount in Taka				
	Base Year 2018	% Change in 2019	% Change in 2020	% Change in 2021	% Change in 2022
Revenue	100%	-10%	-15%	-22%	-15%
Cost of sales	100%	-23%	-22%	-38%	-29%
Gross Profit/(Loss)	100%	1%	-11%	-10%	-4%
Other Operating Income	100%	116%	-97%	-97%	-97%
General and Administrative Expenses	100%	20%	33%	36%	53%
Operating Profit	100%	1%	-11%	-10%	-5%
Finance Income	100%	-78%	-94%	-99%	-99%
Finance Costs	100%	8%	-27%	-70%	-66%
Net Finance Costs	100%	156%	92%	-20%	-7%
Foreign Exchange Loss	100%	-69%	-86%	-100%	14%
Profit Before Tax	100%	-3%	-8%	6%	-8%
Income Tax Expenses	100%	-77%	-244%	-114%	-99%
Profit After Taxation	100%	2%	7%	14%	-2%
Other Comprehensive Income/(Loss)	-	-	-	-	-
Total Comprehensive Income	100%	2%	7%	14%	-2%

Revenue: decreased to the comparative year 2018 with the years 2019, 2020 2021 & 2022 by 10%, 15%, 22% & 15% respectively. The tariff is less than the comparative year as per the tariff schedule as per the Power Purchase Agreement signed with BPDB, the only customer of UAEL. Moreover, the plant factor also decreased over the year.

Cost of sales: Cost of sales includes material consumed, inventory consumed, plant's overhead, depreciation, amortization of right-of-use assets, & others. And this is the most important part of the cost. It decreased over the years with the comparative year 2018 due to the plant utilization factor being high in 2018 among the years 2019, 2020, 2021 & 2022. That's why the cost of sales was high in 2018 due to higher plant factors & decreased in the other years due to fewer plant factors.

Other Operating Income: This is mainly the company's scrap sales which increased in 2019 but decreased in 2020, 2021 & 2022.

General and Administrative Expenses: Administrative expense is operating expense. The administrative expense includes board meeting fee, legal expenses, fees and renewals depreciation, and others. Administrative expenses increase over time.

Finance Income: In the year 2018 UAEL had an interest-bearing inter-company loan which was fully paid off in 2019. For this reason, finance income was higher in 2018 & other year's finance income was less than the comparative year which shows a huge negative ratio.

Finance Costs: Finance cost is non-operating expenses. This is the most important part of the company which includes interest on loans & bank charges. It decreased in 2020, 2021 & 2022 by 27%, 70% & 66% respectively due to interest expenses decreasing against full repayment of int'l loan in the year 2020.

Foreign Exchange Loss: Due to the higher fluctuation of the exchange rate in the base year 2018 foreign exchange loss was also higher compared with other years. In addition to that after the full repayment of the int'l loan, the yearly exchange loss decreased in 2019, 2020 & 2021. But in 2022 because exchange rate fluctuation was so high the losses incurred over the base year 2018.

Income Tax Expenses: Income tax expense is non-operating expenses. UAEL is tax exempted from its operational income. Tax is only implied on other & finance income. In the year 2018, there was an interest income against an intercompany loan which makes a big amount of tax expense. But in 2020 & 2021 the expenses were reversed due to the final settlement of the tax liability being zero claimed by the tax authority.

In this situation, we can see that the revenue decreased over time but the net profit didn't go down as per the ratio which is a good sign for UAEL. Due to the decrease in the cost of sales & finance cost, UAEL maintained its sustainable profit over years.

4.7.2 Statement of Financial Position (Horizontal Analysis):

United Ashuganj Energy -(UAEL)
Statement of Financial Position
As at 30 June 2022-2018

Particulars	Amount in Taka				
	Base Year 2018	% Change in 2019	% Change in 2020	% Change in 2021	% Change in 2022
<u>ASSETS</u>					
Property, Plant & Equipment	100%	-6%	-12%	-18%	-24%
Right-of-Use Asset (RoU)	-	-	-	-	-
Prepaid Lease Rent	100%	-9%	-	-	-
Non-current Assets	100%	-6%	-12%	-18%	-24%
Inventories	100%	20%	14%	22%	13%
Trade & Other Receivables	100%	20%	17%	-22%	41%
Advances, Deposits & Pre-payments	100%	-15%	-98%	-97%	-97%
Receivable from Related Party	100%	-96%	-94%	-92%	-91%
Advanced Income Tax	100%	138%	-	-	-
Cash & Cash Equivalents	100%	206%	-95%	-98%	33%
Current Assets	100%	51%	-39%	-53%	6%
Total Assets	100%	5%	-17%	-25%	-18%
<u>EQUITY</u>					
Share Capital	100%	0%	0%	0%	0%
Share Money Deposit	100%	0%	0%	0%	0%
Retained Earnings	100%	240%	387%	439%	378%
Total Equity	100%	20%	32%	36%	31%
<u>Liabilities</u>					
Borrowings	100%	-12%	-57%	-64%	-48%
Non-current Liabilities:					
Borrowings	100%	1%	-53%	-2%	-6%
Deferred Revenue	-	-	-	-	-
Trade and Other Payable	100%	131%	14%	-39%	-15%
Accrued Expenses	100%	6%	-98%	-91%	117%
Payable to Related Parties	100%	4393%	8920%	-47%	-57%
Current Tax Liabilities	100%	15%	-90%	-	-
Current Liabilities	100%	60%	69%	19%	2%
Total Liabilities	100%	-2%	-40%	-53%	-41%
Total Equity & Liabilities	100%	5%	-17%	-25%	-18%

Property Plant & Equip: decreased the comparative year 2018 by 6%, 12%, 18%, and 24% in the years 2019, 2020, 2021, and 2022 respectively due to no major acquisition being done against machinery. The addition is mainly done for office furniture & office equipment.

Prepaid Lease Rent: decreased due to its being fully transferred under the head “Right-of-Use Asset (RoU)” as per IFRS-16 implementation in the company

Inventories: Increases from the base year by 20%, 14%, 22% & 13% with all comparative years 2019, 2020, 2021 & 2022 respectively. Within the years no scheduled maintenance was done against the Wartsila engines due to the capacity utilization of the plant also declining over the years.

Trade & other receivables: Increases from the base year significantly due to the receivables from BPDB as the company UAEL has the only customer. In 2019, 2020 increased by 20% & 17% whereas it went down in 2021 by 17% & massively increased in 2022 by 41%. Overall, the increases happened due to the outstanding from BPDB & as same it decreases when the govt. paid off their outstanding smoothly.

Advances, Deposits & Pre-payments: Decreases with base year by 15%, 98%, 97% & 97% with comparative years 2019, 2020, 2021 & 2022 respectively. Hugely decreased from 2020 – 2022 due to a premium of int’l loan being fully adjusted in 2020 against full repayment of the loan.

Receivable from Related Party: Decreases vastly with the base year 2018 due to paying off the related party loan.

Cash & Cash Equivalents: Increased 206% in 2019 & then decreases hugely by 95%, and 98% in the years 2020 & 2021 respectively due to full payment of int’l loan in 2020. Again in 2022, it increases by 33%.

Total Assets: Total assets increased by 5% in 2019 from the base year 2018 due to an increase in trade receivable & cash balances. But in 2020 it decreases by 17% due to a decrease in cash balance & advance, deposits & prepayments; cash balances decreased dramatically due to the early settlement of the entire int’l loan. In the years 2021 & 2022 decreased by 25% & 18%

respectively due to a decrease in advance, deposits & prepayments, related party receivables, and cash balances.

Retained Earnings: due to net profit increased retained earnings also increased.

Non-Current Borrowings: Borrowings decrease over the years due to regular payment of the outstanding loan. But from 2020 it decreases hugely with the comparative year 2018 due to Int'l Loan being fully paid in 2020.

Current Borrowings: Borrowings decreases over the years due to regular payment of the outstanding loan. But in the year 2020, it decreases by 53% with the comparative year 2018 due to Int'l Loan being fully paid in 2020.

Trade and Other Payable: It's mainly payable against gas bills. Its ratio is 131% higher in 2019 due to 2 months payable compared with 2018. In 2021 & 2022 it's less than the comparative year 2018 due to its outstanding only 1 month & gas bill also less due to less consumed.

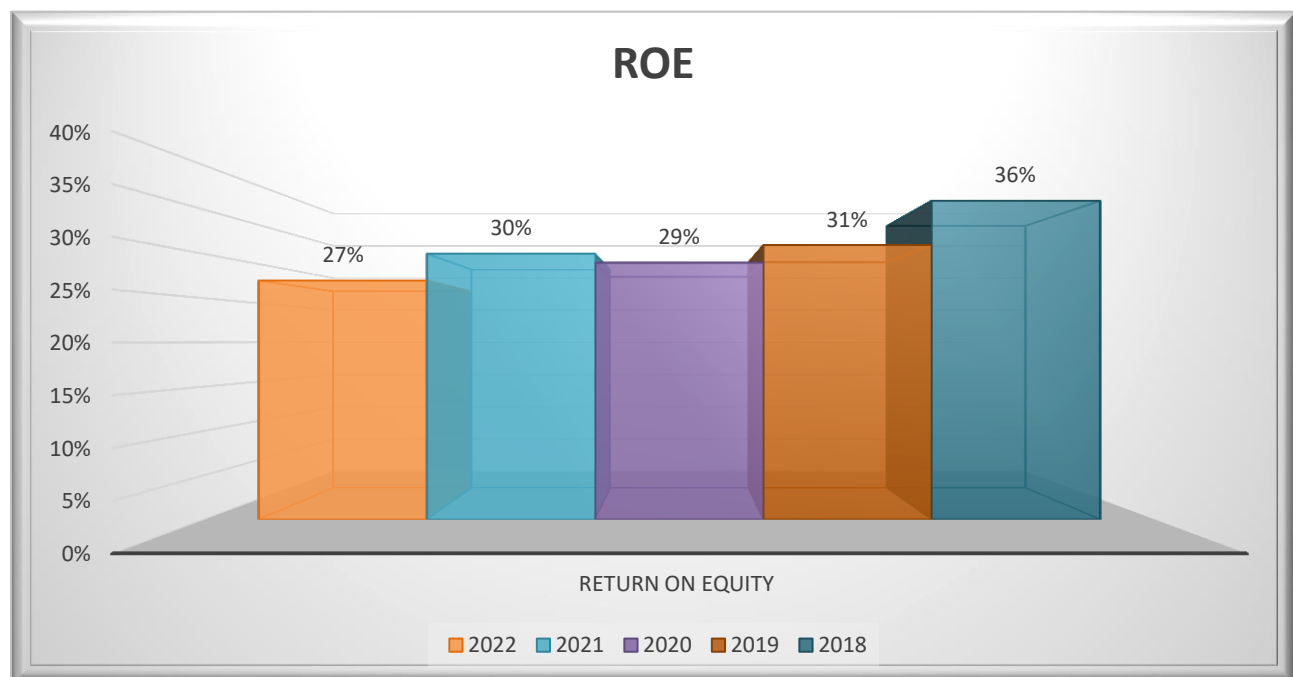
Accrued Expenses: casually increased in 2019 by 6% but in 2020, 2021 decreased massively by 98 % & 91% respectively. Accrued interest on borrowings was included here but when the Int'l loan was fully paid off in 2020 then accrued interest was not done that's why decreased hugely in 2020 & 2021 comparative year with 2018. But in 2022 it increased by 117% due to accrued dividends payable against preference shares.

Payable to Related Parties: It enormously increases in the years 2019 & 2020 due to the dividend payable to shareholder company United Energy Ltd.

Total Liabilities: Overall decreases over the years by 40%, 53% & 41% in 2020, 2021 & 2022 respectively due to the company paying its int'l loan through early settlement in the year 2020. Trade payable & payable to related parties also decreased over the years compared with the base year.

4.8 Dupont Analysis

Dupont Analysis - Three Part						
		2022	2021	2020	2019	2018
Net Profit Margin	Net Income / Revenue	0.48	0.61	0.53	0.47	0.42
Total Assets Turnover	Revenue / Total Assets	0.29	0.28	0.28	0.24	0.28
Financial Leverage	Total Assets / Total Equity	1.96	1.75	1.99	2.76	3.15
	Return On Equity (ROE)	27%	30%	29%	31%	36%



UAEL's net profit margin grew between 2018 and 2021, rising from .42 to .61, which is a highly encouraging development for the business. But due to a higher rate of dollar price volatility in 2022, which led to a loss in foreign currency against it, it fell to .48. We may conclude from the research above that the net profit margin is enough.

Except in 2019, overall assets turnover improves slightly from .28 to .29 during the years. The whole asset turnover is directly impacted by the revenue. And earnings decline with time. Since it is stated in the Power Purchase Agreement that UAEL has with BPDB, its only client, that the

tariff is less than the comparative year. The company's performance in 2019 is shown by the lower asset turnover ratio. Also, the ratio overall is below 1.5, which is bad for UAEL. Revenue is reducing the turnover of all assets. It harms the business and cuts down the net profit. UAEL should thus make the first move in terms of assets and income.

Financial leverage for the UAEL falls over time, from 3.15 to 1.96. It benefits the company since it will be easy to avail of a loan with a lower leverage ratio. It has an immediate effect on the overall assets and equity. On the other hand, overall equity grows with time. Retained earnings grew together with the net profit as a result, which impacted shareholder equity. It directly affects equity overall.

In this instance, UAEL return on equity fell over time from 0.36 to 0.27. (ROE) measures UAEL profitability and effectiveness with which it generates those profits (ROE). The greater a company's ROE, the better it is at converting equity investment into profits. Nevertheless, UAEL's return on equity fell, which is bad for the business since it immediately impacts net income. The highest margin was observed in 2018, however, it would have been close to comparable years if it weren't for the interim dividend being paid as a consequence of retained profits being less than the other comparative years.

Chapter Five – Findings

United Ashuganj Energy Limited is a well-established company. It is therefore quite difficult to endorse any part of the business. Nonetheless, as it is a need for the report, I have developed a few suggestions after doing the research.

1. Based on the company's audit report's disclosure, we can see that the capacity utilization or plant factor is decreasing comparatively every following year. It was 47% utilization in the year 2018 but 27%, 23%, 10% & 17% in 2019, 2020, 2021 & 2022 respectively. This indicates the company's dispatch decreasing dramatically over time. At this point, to increase the dispatch, the company should take steps & appeal to their only customer BPDB for the demand.
2. It is visible from audited financial statements & also financial ratio analysis that the trade receivable is increasing over the years since 2018. In 2022, the receivables outstanding from BPDB was Tk 137.70 crore against 5 months of invoices submitted from February'22 to June'22. If the company could settle the receivables outstanding within the time then their cash availability could be more efficiently utilized for further investment or to settle the loan as well. The management should look into this matter with high priority & communicate with BPDB with proper care to realize asap.
3. From our ratio analysis, we found that the inventory average holding period of UAEL has increased over time. The management of the company should maintain its inventory holding period as short as possible because a longer holding period can lead to goods that move slowly.
4. According to United Ashuganj Energy Ltd.'s trend study of its income statement, we can see that the company is having a huge foreign exchange loss in the year 2022 due to the unstable condition of the foreign exchange rate market. As the company has to pay its IPFF loan in USD, the management should maintain a hedging account to overcome this situation & minimize the loss thereof.

Chapter Six – Conclusion

This internship report offers a thorough study of the many attributes of the company and is divided into several chapters which give an overview of the business performance, credibility & future growth. The company's financial records show that the industry is doing well and that the business of the company is maintaining its profitable growth over the years by having a fixed 15-year agreement with BPDB which secures the company's revenue & sustainable growth. The company's trade receivable outstanding is getting higher due to slow payment received from their only customer BPDB which can create a cash crunch & cash management weak for the company. Similarly, the company's inventory holding days also increased which is not good for UAEL. In terms of the liquidity ratio, the company is in a safer position. Their capability of paying off debt & having cash availability was satisfactory. Through the solvency ratio, the company is in a good position by all indicators reflected in the result. The company's debt decreased over the years which has had a good overall impact on the business profit, already paid early of its entire int'l loan outstanding without taking any bank loan which makes down the loan outstanding as well as could avoid more foreign exchange loss which secures a good cash balance also. In the manner of profitability, the company is on a good track having a net profit margin increased over the years which indicates the business is better at turning revenues into actual profit. Though the massive foreign exchange loss was due to the higher fluctuation rate of the USD in the last year. But the company has more opportunity for having more profit through increasing generation & dispatch it to the national grid. In our analysis, we found that the plant factor is decreasing comparatively every following year. At this point, to increase the dispatch, the company should take steps for increasing electricity production demand from BPDB. Vertical analysis was done based on revenue in income statement & total assets and liabilities in balance sheet. It was observed that UAEL gross & net profits increased from 2018 to 2022 in a sustainable manner. As per analysis, we can say that due to the decrease in the cost of sales and finance cost the company secure its sustainable profit despite bearing foreign exchange loss & less revenue than the comparative year. In the report for horizontal analysis, the base year was 2018 for the outcome of the result in income statement & balance sheet. The result reflects revenue decreased over time but the net profit didn't go down as per the ratio which is a

good indication for UAEL. Due to decrease in the cost of sales & finance cost, UAEL maintained its sustainable profit over the years. In the balance sheet, total assets & liabilities decreased due to the company paying its total outstanding int'l loan through early settlement in the year 2020.

The company built its reputation within a short period only through discipline, hard work, and strategies of excellent management they have. Even though there were some limitations in obtaining precise internal information, those were carefully taken into account in this report so that they do not hamper the results of the research. Last but not the least, it can be mentioned that the ultimate success comes by having great devotion, commitment and dynamic leadership of the management and United Ashuganj Energy Limited will undoubtedly stride successfully in the future with their head held high and will continue supplying energy more than ever which will ensure more profit as well as contribute to achieving the country's ultimate vision of success.

Reference

1. United.com.bd. (2022). United Group. [Online] Available at :
<https://www.united.com.bd/>.
2. Unitedpowerbd.com (2022). United Power. [Online] Available at :
<https://www.unitedpowerbd.com/>.
3. United.com.bd. (2022). United Group. [Online] Available at :
<https://www.united.com.bd/our-concerns/united-ashuganj-energy--uael/>.
4. CFA Institute. (2021). CFA program curriculum: level I, 2022. John Wiley & Sons, Inc.
Fridson, M. S., & Alvarez, F. (2011). Financial statement analysis: A practitioner's
guide (4th ed.). Hoboken, NJ: John Wiley & Sons.