

INTERNSHIP REPORT
ON
INTERNAL CONTROL SYSTEM AND PERFORMANCE ANALYSIS OF TITAS
GAS TRANSMISSION AND DISTRIBUTION COMPANY LIMITED (TGTDC)



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Date of Submission: 7th December 2022

Declaration of Student

I do declare that the virtual internship report on “Internal control system and performance analysis of Titas Gas Transmission and Distribution Company Limited (TGTDCCL)” is an authentic work and required for completing my BBA program under the supervision of my honorable teacher Assistant Professor Nurul Mohammad Zayed. The data collected and analyzed are genuine to the best of my knowledge.

This report is prepared only for the, as a requirement of BBA Program under the Department of Business Administration and the Faculty of Business & Entrepreneurship at Daffodil International University.

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Certificate of Approval

This is to certify that the internship report titled “Internal control system and performance analysis of Titas Gas Transmission and Distribution Company Limited (TGTDCCL)” by Taposhi Parvin, ID: 191-11-6176, as a requirement of BBA Program under the Department of Business Administration and the Faculty of Business & Entrepreneurship at Daffodil International University.

The report is recommended for submission.

Signature of the Supervisor



.....
Nurul Mohammad Zayed

Assistant Professor

Department of Business Administration

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Acknowledgment

At first, I would like to express my gratitude to almighty Allah. Then I would like to show my respect to my supervisor Nurul Mohammad Zayed, Assistant Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for his valuable time and guidelines given to me for this internship report.

Then, I would like to thank Md. Humayun Kabir Khan, the Manager of Accounts section in Titas Gas Transmission and Distribution Company Limited (TGTDCL) who supports me in the last three months (September-November) in my virtual internship. I would also express my appreciation to Mr. Partha Biswas, Deputy Manager, who directly helps me working in the accounts department. I have my appreciation to Titas family, including Assistant Officer Mr. Md. Abdul Hakim and Mr. Arif Billah, Assistant Manager of Titas Gas Transmission and Distribution Company Limited (TGTDCL) who support me in case of any help required for the last three month. I am thankful to Mr. Mohammad Saddam Hosen, Chief Executive, Center for Research and Development Studies (CRDS) for the processing the data and making documents.

Finally, I would like to convey special thanks to my parents, whose inspiration has enabled me to complete this report correctly.

Executive Summary

Titas Gas Transmission and Distribution Company Limited has a significant role in strengthening the socio-economic condition of Bangladesh through its contribution to the national exchequer and saving foreign currency by ensuring proper distribution of natural gas. The main objective of this company is to supply natural gas in different zones in Bangladesh. The company has a team of employees combined with skills, professional experience, and mind with adaptability to modification.

In my internship period, I have worked for the Accounts section of this company. My responsibility includes bank guarantee, making Journal entries, updating information to the software, and preparing quarterly annual reports for the 2020-2021 (July-September).

The discussion about the internal control system in this report implies that Titas has a strong internal control system irrespective of monopoly in the market. In the analysis part of this report, annual turnover, market share, different ratios, contribution to the economy, audit report for the last five years has been analyzed. The result finds that the financial performance of the company is good. The company holds more than 55% market share based on selling gas. The liquidity ratio of the company is excellent, except for the cash ratio. The profitability ratio of the company is good but reducing from 2017-18 to 2020-2021. The other ratios calculated in this report also show the positive trend to the growth. The main problem in financial statements is the qualified report issued by chartered accountancy firm due to insufficient documents for trade receivables, pension funds, and customer security deposits.

This report is mainly a complete idea about the three-month internship (4th September-4th December, 2022) in the company. I have included my learning about the organization in this report. Then, I have analyzed some financial ratios to know the market position of the company. Finally, the report will give an overall idea about Bangladesh's gas sector to different interested people.

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CHAPTER 1: INTRODUCTION

1.1 Background of the study

Bangladesh's main gas distribution firm is called Titas Gas Transmission and Distribution Company Limited (TGTDCCL). The Bangladesh Oil, Gas & Mineral Corporation is currently in charge of this business, which was established on November 20th, 1964. With the goal of delivering natural gas in greater Dhaka and Mymensingh safely and effectively, this company distributes gas to those areas. I selected this organization for my internship, which will run from September 1 through November 30, 2020, in order to finish my BBA program and gain experience in the job market. My theoretical understanding and the real-world environment are connected for me through the analysis section of my report on this company's performance.

1.2 Objectives of the Report

1.2.1 Primary Objective

The general objective of this report is to analyze internal control system and financial performance of Titas Gas Transmission and Supply Company Limited (TGTDCCL).

1.2.2 Specific Objectives

- To illustrate model of ICS of TGTDCCL.
- To examine company's financial performance.
- To derive few findings out of the analysis and to suggest few recommendations accordingly.

1.3 Rationale of the Study

This three-month internship, which covers through 1 September to 30 November, allows me working in a workplace and develops my ability to apply learning to the field. In order to better understand the company's position in the market and its financial strength, I have recommended this report to provide a comparison analysis of the annual report.

1.4 Methodology

Information for this report was gathered through conversations with the company employees, including the Deputy General Manager (DGM), Manager, Deputy Manager, Assistant Manager, and other employees throughout my internship period. The financial

performance section of this report incorporates secondary data from the annual reports on the website. This analysis incorporates the ratio analysis presented by Stratton (1981).

1.5 Limitations

The short duration of my internship time is one of this study's limitations. I might not fully comprehend all of the company's performance given my little time there. Additionally, there are several privacy and sensitivity issues with data.

CHAPTER 2: OVERVIEW OF GAS INDUSTRY

2.1 Gas Industry in Bangladesh

Natural Gas is the primary source of energy in Bangladesh. The uses of natural gas include generating almost 90% of electricity, fertilizer, industrial and residential areas, as well as captive and compressed use of gas. According to the US Energy Information Administration report 2017, Bangladesh is positioned 8th largest gas producer for the Asian region and 49th in total energy production over the world.

In East Pakistan, the first gas field was discovered in Haripur, Sylhet, in 1955 by the then Barma Oil Company. The extraction process started in 1957. After the liberation war, the then Government of Bangladesh established Petro Bangla through the Petroleum Act, 1974. Petro Bangla is the main energy regulatory company, and exploration activities are conducted by the Bangladesh Petroleum Exploration Company, abbreviated (BAPEX). The transmission company is Gas Transmission Company Limited (GTCL). There are six distribution companies in Bangladesh. According to the Organization of Petroleum Exporting Countries (OPEC), the total production of natural gas in Bangladesh in 2019 was 28.127 billion cubic meters (Titas Website, 2022). At present, there are 29 discovered gas fields in Bangladesh. At present, the largest gas field in Bangladesh is Bibiyana Gas Field from the side of extraction and Titas Gas field from the reserve of Gas.

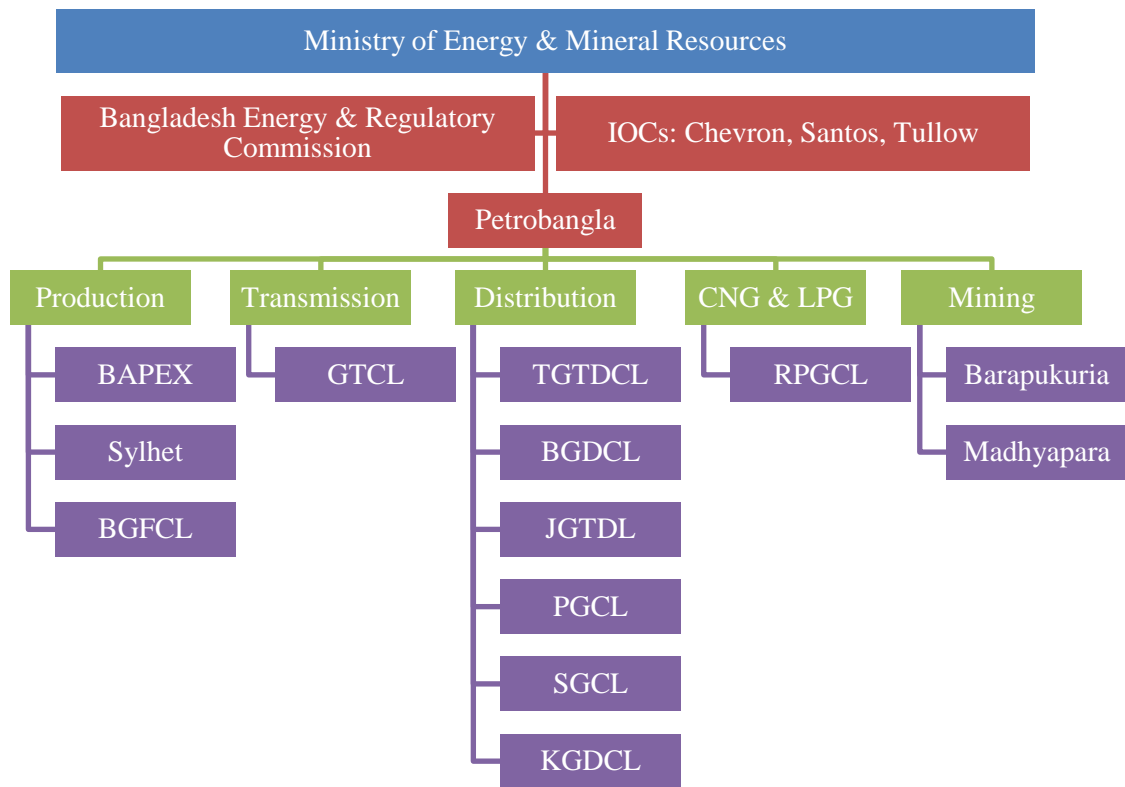


Figure 1: Company Organigram (Titas Gas Transmission and Distribution Co. Ltd., 2022)

2.2 Description of the Companies

Exploration Companies:

Exploration Companies:

Bangladesh Petroleum Exploration & Production Company Limited:

Established in: 1989

Head Office: Dhaka

Main operation: conducting geographical survey and exploring oil and gas

Exploration of Wells: 27

Financial performance:

In financial year 2016-17, income of the company stood at taka 2870 million and total expense stood at 5484.43 million which derives at 2633 million after deducting tax. The company adds value to the national exchequer 2762.2 million in that financial year.

Bangladesh Gas Fields Company Limited:

Established in: 30 May 1956

Head Office: Brahmanbaria

Main operation: natural gas production; Total amount of gas fields under this company is 12.252 TCF according to the latest survey of Petrobangla.

Gas fields: 6 (Titas, Habiganj, Bakhrabad, Narsingdi, Meghna and Kamta)

Financial performance:

In financial year 2018-19, income of the company stood at taka 701 crores and profits of 177 crores after deducting tax. The company adds value to the national exchequer 32251.7 million in that financial year.

Sylhet Gas Field Limited:

Established in: 8 May, 1982

Head Office: Sylhet

Main operation: second largest natural gas production. Gas Fields: 4 (Haripur, Kailashtila, Beanibazae and Rasidpur)

Financial performance:

In financial year 2016-17, income of the company stood at taka 4643 million from sales of gas and taka 10,719 million from petroleum products. The profits of the company stood at 4732.2 million after deducting tax. The company adds value to the national exchequer 9113.5 million in that financial year.

Gas Transmission Company:

2.2.1 Gas Transmission Company Limited

Established in: 14 December, 1993

Head Office: Dhaka

Main operation: central operation and maintenance of gas grid, expanding gas grid, balance supply of natural gas over the country.

Financial performance:

In financial year 2018-19, income of the company stood at taka 9976 million and cost of sales stood at 5492 million which derives at 965 million after deducting tax. The company adds value to the national exchequer 503 crores in the financial year 2017-18.

Gas Distribution Companies

2.2.2 Titas Gas Transmission & Distribution Company Limited

Established in: 30 May 1956

Head Office: Dhaka

Main operation: natural gas production

Financial performance:

In financial year 2018-19, income of the company stood at taka 141644 million and profits of 4644.6 million after deducting tax. The company adds value to the national exchequer 592 crores million in that financial year.

2.2.3 Jalalabad Gas Transmission and Distribution System Limited

Established in: 1 December 1986

Main operation: Gas distribution Company.

Head Office: Madhabpur

Financial performance:

In financial year 2016-17, income of the company stood at taka 16388 million and profit of 826 million after deducting tax. The company adds value to the national exchequer 775 million in the financial year 2016-17.

2.2.4 Bakhrabad Gas Distribution Company Limited

Established in: 7 June, 1980

Head Office: Cumilla

Main operation: Gas distribution Company.

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 20124 million and profit of 2619 million after deducting tax. The company adds value to the national exchequer 1454 million in the financial year 2016-17.

2.2.5 Pashchimanchal Gas Company Limited

Established in: 23 April, 2000

Head Office: Sirajganj

Main operation: Gas distribution Company.

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 5971 million and profit of 558 million before deducting tax. The company adds value to the national exchequer 571.8 million in the financial year 2016-17.

2.2.6 Karnaphuli Gas Distribution Company Limited

Established in: 8 February, 2010

Head Office: Chittagong

Main operation: Gas distribution Company.

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 21819 million and profit of 4907 million before deducting tax. The company adds value to the national exchequer taka 2954 million in the financial year 2016-17.

Sundarban Gas Company Limited:

Established in: 8 February, 2010

Head Office: Khulna

Main operation: Gas distribution Company.

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 21819 million and profit of 4907 million before deducting tax. The company adds value to the national exchequer taka 2954 million in the financial year 2016-17.

CNG & LPG:

2.2.7 Rupantarita Prakritik Gas Company Limited

Established in: 1 January, 1987

Head Office: Dhaka

Main operation: Gas distribution Company.

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 2602 million and profit of 694.28 million before deducting tax. The company adds value to the national exchequer taka 140 million in the financial year 2016-17.

2.2.8 Barapukuria Coal Mining Company Limited

Established in: 4 August, 1998

Head Office: Barapukuria

Main operation: maintaining uninterrupted supply of coal from mine

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 10678 million and profit of 5075 million before deducting tax. The company adds value to the national exchequer taka 8730 million in the financial year 2016-17. Total coal production for the year 2016-17 was 1.16 million metric tons (*Titas Competitors and Financials, 2022*).

2.2.9 Maddhapara Granite Mining Company Limited

Production year: 25 May, 2007

Head Office: Dhaka

Main operation: Operating the hard rock mine

Total production: 341982 metric tons granite

Financial performance:

In financial year 2016-17, sales revenue of the company stood at taka 211.8 million. The company adds value to the national exchequer taka 226.7 million in the financial year 2016-17.

2.3 Gas pricing System in Bangladesh

Companies generally apply to the Bangladesh Energy Regulatory Commission (BERC) to raise the price of gas per unit when there is a liquidity crisis, less investment in capital assets than in equity, or a downward trend in dividends. Additionally, Titas planned to buy LNG from other nations, increasing the price to \$12.80 CMM (BERC, 2018). Thanks to this, the company demands consent from BERC to increase the transmission fee per CMM from 23 taka to 50 taka (Masli et al., 2010). The organization continues hearing from the connected parties for raising the gas price, as per BERC act 2003 section (34/4). The Technical Evaluation Committee (TEC) begins analyzing Titas yearly reports as well as domestic and international per unit gas market rates. The net distribution price for per unit gas sales revenue is set by TEC. During a regular meeting held with representatives of several organizational groups, the authority set the price of gas. In appendix 4, the pricing scheme is given.

2.4 Profile of the TGTDCCL

There was a new era of using natural gas in Bangladesh after discovering the massive gas field on the bank of Titas river of Brahmanbaria in 1962. Titas Gas started its first commercial production by providing a gas line to the Siddirganj electric zone of Narayangonj. From the very beginning, the company's owner was the then government (90%) and the rest 10% to the shell oil company. After independence, this company is being regulated by the government of Bangladesh under Petro Bangla with the majority shareholding of 75%. Today, it is the primary distribution company in Bangladesh, which supplies 57% of the total gas in the whole country than the rest five other gas distribution companies. At present, the authorized capital and the Paid-up capital is 2000

crore and 989.22 crores. The company's main objective is to distribute natural gas to different clients, including household customers and industrial customers. To maintain the uninterrupted supply of gas, the company looks after the distribution lines over its areas. The actual gas purchase and selling for the fiscal year 2018-19 was 17572 MMCM and 16567 MMCM, respectively.

Table 1: Company at a Glance

| | |
|----------------------------------|---------------------------------------------------------------------------------------------|
| Name of the Company: | Titas Gas Transmission & Distribution Company Limited (TGT DCL) |
| Establishment Year : | 1964 |
| Registered Office : | 105, Titas building, KNI Avenue, Kawran Bazar Commercial Area, Dhaka-1215. |
| Corporation : | Bangladesh Oil, Gas & Mineral Corporation (Petrobangla) |
| Ministry : | Ministry of Power, Energy & Mineral Resources |
| Titas Area : | Greater Dhaka and Mymensingh |
| Source of Gas supply (Fields): | Titas, Habiganj, Narsingdi, Kailashtila, Bibiyana, Moulvi Bazar, Srikyl&Bangura Gas Fields. |
| Human resources (30 June 2019) : | 2,233 |
| Officers and staffs : | 965 and 1268 respectively |
| Total Customers: | 2865907 |
| Chief Executive : | Mr. Ali Mohammed Al-Mamun |
| Listed with DSE : | June 9, 2008 |

CHAPTER 3: FINANCE DIVISION

3.1 Departments in TGTDCCL

There are four departments in the finance division of Titas Gas Transmission and Distribution Company. The first of the four departments is

1. The accounts department.
2. The Pay the roll and Funds Division
3. Finance Section
4. The Revenue Control Section

The corporate accounts section, Cash & Bank, store accounts, and bills section are the four divisions of the accounts department. It was in the Cash & Bank Section wherever I works (Stratton, 1981). There seem to be six heads that under Cash & Bank Section, such as Meter Accounts:

The firm has three different kinds of accounts. The term "meter account" refers to the commercial accounts that TGTDCCL maintains for its corporate customers. The working tasks require constructing a ledger and posting the transaction to the this account. The firm keeps a record of such payments made by these accounts for their industrial gas service. The interest rate will take into account any gap in client payments. Appendix 1 contains data on how meter accounts are calculated.

Non-Meter Accounts

1. The accounts maintained for the domestic gas supply provided by the TGTDCCL are known as non-meter accounts. For domestic gas, including Taka 975, there is a set rate. For the purpose of monitoring client collections from non-meter accounts, this account is updated regularly. The money is sent to the mother account after receiving the bill from these two accounts (Jokipii, 2010). Appendix 2 includes data on how non-meter accounts are computed Bank Guarantee.
2. Bank guarantees serve as a kind of security for both the business and the potential clients. Any client who wants a gas line often has to deposit at least three months' worth of bills as security. This is a substantial sum for any industrial location. As a result, there is a plan to give 50% in cash and the remaining 50% via a bank guarantee supplied to the corporation. Companies

should renew the bank guarantee after five years. Appendix 5 summarizes the bank guarantee's issuing approach. Check and Cash disbursement:

3. The topics of non-salary perks for employees and third-party transactions are covered in this section. In general, cash is supplied if the sum is less than 5000 taka, and checks must always be issued in other contexts. The constructor, suppliers, renting, DESCO, and tax authority are examples of third parties.

Reconciliation

4. Different zones may be found in TGTDCCL. Numerous banks join each zone, and both employ the same software. Customers paying their bills online therefore are seen to be making an online payment. Few banks give money to TGTDCCL, often known as Non-IT, from the bills. Therefore, this section reconciles the gap between the credit to the TGTDCCL account and the online payment. Appendix 3 contains the reconciliation computation procedure.

Transfer Payment System

5. If there is any big project to be implemented by a contractor, the draft copy of the project's costing is sent to the audit department (Hanim Fadzil et al., 2005). After the authorization, the contractor is assigned such payment from this section.

3.2 My working Area

I did my three-month internship in Bank Guarantee Section and corporate accounts section.

3.2.1 Bank Guarantee Section

There is a deputy manager in charge of the Bank guarantee division, and he is the one who I report to. My main area of responsibility was the automated software's automatic physical verification of the guarantee using the TGTDCCL accounts. My first month of employment with the bank guarantee division taught me how various banks approach bank guarantees they provide to their clients in terms of accounting. The TGTDCCL has several zonal offices. I need to update the Deputy Manager on the guarantee term. The complete collection for RMD/Metro is displayed in the graph below. Three RMD offices for the firm are located in Gazipur, Narayanganj, and Mymensingh. The metropolis is divided into six sections. The total amount collected for the 11254 bank guarantee from

September 4 through December 4, 2022, was 21857844505 taka. In this area, my job was to make sure that clients were regularly updating their guarantees. Additionally, it involves updating guarantee data in the business' internal software so that the authorities can regularly monitor the situation.

Table 2: Guarantee Section Report (a)

Titas Gas Transmission & Distribution Company Limited

Total Bank Guarantee Report

As on 30 June 2022

| RMD/Metro | As per the billing module | | |
|----------------------|---------------------------|--------------|--------------------------|
| | ZMO | NO. of BG | Amount (Taka) |
| Gazipur | Joydebpur | 1,918 | 4,372,410,719.39 |
| | Chandra | 1,161 | 1,893,849,571.06 |
| | Tangail | 313 | 15,077,191.30 |
| | Tongi | 756 | 1,780,931,685.88 |
| | Savar | 1,792 | 3,225,989,929.00 |
| | Manikgonj | 200 | 406,205,030.00 |
| | Total | 6,140 | 12,494,464,126.63 |
| Narayangonj | Narayangonj | 237 | 369,608,875.80 |
| | Fatulla | 821 | 976,439,648.12 |
| | Munshigonj | 54 | 81,888,296.07 |
| | Narasingdi | 708 | 1,199,800,497.00 |
| | Sonargaon | 857 | 1,683,620,125.66 |
| | Ghorashal | 71 | 362,771,162.00 |
| | Bhairab | 32 | 99,535,284.01 |
| | B.Barua | 4 | 5,963,200.00 |
| | Total | 2,784 | 4,779,627,088.66 |
| Mymensing | Mymensing | 37 | 152,790,054.84 |
| | Netrokona | 1 | 14,749,500.00 |
| | Jamalpur | 2 | 4,472,000.00 |
| | Sherpur | 9 | 21,813,450.00 |
| | Khishorgonj | 5 | 40,133,566.00 |
| | Valuka | 508 | 1,881,284,044.88 |
| | Total | 562 | 2,115,242,615.72 |
| G.Total (RMD) | | 9,486 | 19,389,333,831.01 |

Source: Internal department of the company.

Table 3: Guarantee Section Report (b)

Total Bank Guarantee Report

As on 30 June 2022

| RMD/Metro | As per billing module | | |
|----------------------------|-----------------------|--------------|-------------------------|
| | ZMO | NO. of BG | Amount |
| Metro Dhaka01 | Zone-1 | 731 | 754,902,782.20 |
| | Zone-2 | 81 | 160,695,932.50 |
| | Total | 812 | 915,598,714.70 |
| Metro Dhaka02 | Zone-3 | 5 | 6,912,001.00 |
| | Zone-4 | 28 | 68,853,884.80 |
| | Zone-5 | 13 | 39,502,726.00 |
| | Total | 46 | 115,268,611.80 |
| Metro Dhaka03 | Zone-6 | 35 | 80,746,810.75 |
| | Zone-7 | 32 | 75,176,851.00 |
| | Total | 67 | 155,923,661.75 |
| Metro Dhaka04 | Zone-8 | 387 | 609,491,469.96 |
| | Zone-9 | 57 | 73,560,403.00 |
| | Total | 444 | 683,051,872.96 |
| Metro Dhaka05 | Zone-10 | 53 | 73,133,367.00 |
| | Zone-11 | 29 | 40,370,488.00 |
| | Total | 82 | 113,503,855.00 |
| Metro Dhaka06 | Zone-12 | 136 | 142,913,281.41 |
| | Zone-13 | 181 | 342,250,676.51 |
| | Total | 317 | 485,163,957.92 |
| G.Total (Metro) | | 1,768 | 2,468,510,674.13 |
| G.Total (RMD+Metro) | | 11254 | 21857844505 |

Source: Internal department of the company.

3.2.2 Corporate accounting Section

My previous experience with the corporate accounting division has provided me with the information I need to properly produce the financial reports for TGTDC's first quarter. Making a journal entry in the program and then having the authority's financial accounts signed and audited constitute the preliminary work in this situation (Murshed & M, 2002). Different branches provided the journal entries, which we must review in manual documents before updating in the system.

Preparation of Financial Statements:

Step 1: Receiving the journal entries from different branches.

Step 2: Identifying different entries based on the sale of Gas

Step 3: Updating the journals in Software of Titas Gas Transmission and Distribution Company Limited

Step 4: Preparing the report for the public.

Table 4 Financial Extracts from the 1st Quarter ended 30 September 2022 (a)

| Particulars | Taka (Crores) | Taka (Crores) |
|------------------------------------------------|---------------|-----------------|
| Assets: | | |
| Non-current Assets: | | 50,80.61 |
| Property ,Plant& Equipment (PPE) | 1024.88 | |
| Capital Work in process | 450.70 | |
| Investments (Inv) | 2110.49 | |
| Inter-Company Loans | 1181.68 | |
| Loans to employees | 312.84 | |
| Current assets: | | 12104.43 |
| Inventories | 189.73 | |
| Trade Receivables less Provision for bad debts | 6087.71 | |
| Advances, deposits, and Prepayments | 4006.47 | |
| Group Current Accounts | 48.45 | |
| Other current assets | 215.70 | |
| Cash & Cash Equivalents | 1556.35 | |
| Total Assets | | 17185.04 |

Source: Internal department of the company

Explanation:

Property, Plant & Equipment is shown at cost minus accumulated depreciation. The company holds land, buildings, furniture & fixture, office equipment, other equipment, Transmission & distribution lines, water services, vehicles, and other intangible assets. Capital Work in the process includes the projects running as Titas franchise of area, a project for service connection, gas meter, link line, domestic- River crossing project, and networks expansion (Lakis & Giriūnas, 2012). Investments include investment in a government bank, private bank (FDR) and ICB unit. Intercompany loans are given to GTCL and BAPEX. Employee's loans include house building, motorcycle, and loan for buying computers. Inventory includes gas lines and pipe related fittings. There are two types of trade receivables called bulk customers (power, fertilizer) and non-bulk customers (industrial, captive power, CNG gas, commercial and domestic). Advances include income tax paid advanced and incentive bonus. Finally, other current accounts are given as interest receivables, receivables from former employees, compensation receivable, and receivables from customers against bill collection.

Table 5: Financial Extracts from the 1st Quarter ended 30 September 2022 (b)

| Particulars | Taka (Crores) | Taka (Crores) |
|-----------------------------------|---------------|---------------|
| Shareholder's | | 7128.71 |
| Equity Share capital | 898.22 | |
| share money deposit | 178.49 | |
| reserve fund | 80.88 | |
| Revenue reserve | 5880.11 | |
| Non-Current Liabilities | | 2760.84 |
| Long term loans | 290.39 | |
| Deferred Tax Liability | 110 | |
| Retirements benefit obligation | 207.60 | |
| Leave Pay | 18.70 | |
| Customer Security Deposit | 2134.1 | |
| Current liabilities | | 7295.48 |
| Current portion of long term debt | 6.5 | |

| | | |
|-------------------------------------|---------|-----------------|
| Trade payables | 3971.37 | |
| Group current accounts | 63.9 | |
| Worker's profit participation fund | 23.94 | |
| Provision for income tax | 3042.67 | |
| Liability for expenses | 187 | |
| Total Equity and Liabilities | | 17185.04 |

Source: Internal department of the company

Explanation:

Shareholders' Equity includes share capital of the company, share money deposit, reserve fund of the company Revenue reserve. The paid-up capital for the company is 89.82 crores of 10 taka for each share. The shareholdings continue to Petrobangla, ICB, institutions, and general. Petrobangla holds 75% of shares of the company. The amount of share money deposit is received from the government time to time for development projects. Reserve funds include hydrocarbon development funds, general reserve, and other reserves. Long-term loans have loans from banks, Asian Development Bank (ADB), and the Japan International Cooperation Agency (JICA). Retirement benefit of the company includes three funds called pension, gratuity, and general provision funds. Customer security deposit is the sum of deposits as security against gas connection. This item is shown as a non-current liability due to the Gas marketing policy 2014. Trade and other receivables include liabilities for gas purchase, transmission charges, BAPEX margin, development funds, operational charge, VAT, energy security funds, etc. The energy security fund is given to the Bangladesh Energy Regulatory Commission (BERC). The company allocates 5% of its profit before tax to worker profit participation fund. Liabilities for expense includes accruals & provisions, dividend payable, interest on a foreign loan, unclaimed dividend etc.

Table 6: Financial Extracts from the 1st Quarter ended 30 September 2022 (c)

| Particulars | Taka (Crores) |
|------------------------------------------|---------------|
| Revenue | 4252.64 |
| Less: Cost of sales | 4090.47 |
| Gross Profit | 162.93 |
| Less: Operating expense | 122.45 |
| Add: Other operating income | 2.5 |
| Gross operating profit for the year | 42.28 |
| Less: Finance cost | .37 |
| Net operating profit for the year | 41.90 |
| Add: Non-operating Income | 53.04 |
| Profit before WPPF | 94.94 |
| Less: provision for contribution to WPPF | 4.7 |
| Profit before income tax | 90.20 |
| Less: Income Tax expense | 23.65 |
| Current tax 24.9 | |
| Deferred tax (1.25) | |
| Net profit after income tax | 66.49 |

Table 7: Financial Extracts from the 1st Quarter ended 30 September 2022 (d)

| Particulars | Taka (Crores) |
|-------------------------------------------------------------|----------------|
| Net Cash flow from operating activities | (1214.69) |
| Net Cash flow from investing activities | 784.12 |
| Net Cash flow from financing activities | (2.60) |
| Net increase/decrease in cash & cash equivalents | (433.18) |
| Beginning cash & cash equivalents. | 1989.53 |
| Cash & cash equivalents at the end of the period | 1556.35 |

Source: Internal department of the company

Revenues include gas sales and operational income for the company. Gas sales revenue for the company includes the following table from July 2022 to September 2022.

Table 8: Gas Revenue

| Gas Sales Revenue | Jul. 20- Sep. 20 |
|-------------------|------------------|
| Power (PDB) | 1.326,006,228 |
| Power (Private) | 4.838,081,596 |
| Fertilizer | 359,811,020 |
| Industrial | 9,612,338,489 |
| Captive Power | 12,133,729,831 |
| Feed Gas for CNG | 4.436,681,072 |
| Domestic | 7.650,205,702 |
| Commercial | 455,857,304 |
| | 40,812,711,241 |

Meter rent, demand charges, increased heating values, connection and reconnection costs, late payment penalties, commission fees, profit from the sale of stores, and fines for unlawful gas consumption are all included in the company's operating income. The company's cost of sales comprises expenses for gas production, transportation, and development fund. Other adjustments to this heading include the energy security fee, VAT, and LNG operational charge.

The company's revenue and interest earnings are included in the cash flow from operational operations, along with payments for other costs including the cost of gas, salaries, profit participation funds, interest, income taxes, and other advances and payments. Fixed deposits, security deposits, loan repayments, the purchase of fixed assets, leave pay, pension funds, and provident funds are all examples of cash flow from investment activities. Repayment of long-term loans and dividend payments are two examples of the financing operations' cash flow.

CHAPTER 4: INTERNAL CONTROL SYSTEM (ICS)

4.1 Components of ICS

Internal control system is the set of rules and policies that a company adopts to increase the internal efficiency. Though this is an abstract idea, it increases the organization's ability to adjust with the competitive environment. This part of the report includes COSO framework to discuss the ICS of Titas.

In order to assess an organization's internal control system, the Committee of Sponsoring Organizations of the Trade way Commission (COSO) develops a model in 1992. The most common approach for assessing the efficacy and efficiency of ICS is currently this one. When evaluating the efficacy of ICS, the COSO framework takes operational effectiveness, financial reporting accuracy, and an entity's adherence to applicable rules and regulations into account.

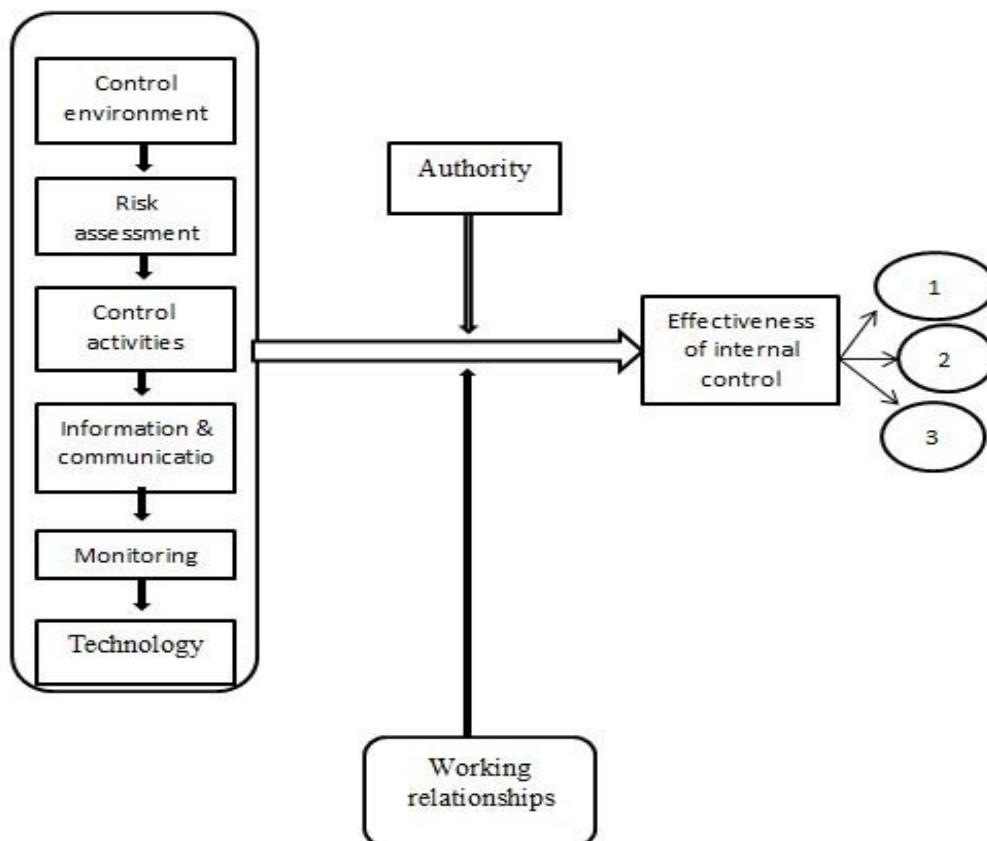


Figure 2: Model of Internal Control System (Soh & Martinov-Bennie, 2011)

Table 9: Five Components of the COSO framework

| SL | Framework | Key elements |
|----|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Control Environment | <ul style="list-style-type: none"> • Integrity and ethical values • Commitment to competence • Using BOD and audit committee • Creating organizational structure • Priorating management philosophy • Utilization of human resource • Assignment of authority and responsibility |
| 2 | Risk Assessment | <ul style="list-style-type: none"> • Creating objectives of the company • Incorporating process level objectives • Performing risk analysis to identify risk • Managing changes |
| 3 | Control Activities | <ul style="list-style-type: none"> • Following the policies and procedures • Improving the security system • Conducting chain management • Planning business backups • Performing outsourcing |
| 4 | Information and Communication | <ul style="list-style-type: none"> • Measuring the quality of information • Measuring communication effectiveness |
| 5 | Monitoring Activities | <ul style="list-style-type: none"> • Performing ongoing activities and monitoring • Separate evaluation systems • Identifying any deficiencies in reporting |

4.2 Internal control System in Titas

Titas, being a government organization, is strictly regulated by the Ministry of Power, Energy & Mineral Resources of Bangladesh. Like other organizations, Titas has an internal control system to perform the job and ensure the employees' accountability. The operation of the company is described in the following chart.

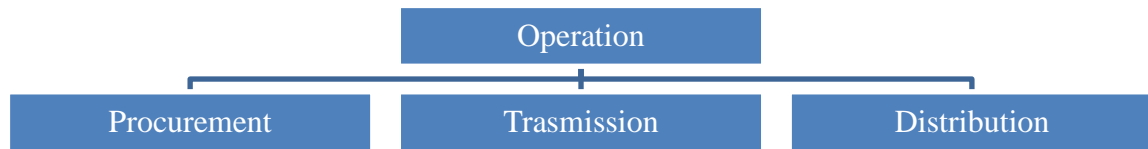


Figure 3: Operation of the company

Three state-owned and four multinational oil corporations are involved in the production and development of natural gas under production sharing contracts (PSC). Titas' procurement procedures are straightforward because it just gathers gas from several extraction zones (Pfister, 2009). Titas pays for the quantity of gas used on their line, and Gas Transmission Company Limited (GTCL) is now performing its transmission duties. Titas has the following internal controls in place for gas distribution. The Intake of gas is controlled by both of the purchaser and supplier.

1. Titas has a history of acquiring gas through the establishment of a metering and valuation system.
2. Before paying for gas purchased, a technical person's certification is necessary.
3. The central database and the accounts division of Titas Gas receive the meter readings and non-meter accounts from various gas fields, the Transmission Company, and consumers.

Mobile Court was formed in accordance with Bangladeshi legislation in order to take action against the illegitimate connections. The measurement of natural gas purchased, transmitted, and distributed, reasonableness (relative to meter amounts of accounts receivables and accounts payable will be required to appear), and compliance (technical committee will decide the level of compliance) are the three approaches that can be used to summarize these actions to ensure internal control system.

4.3 Three control systems

4.3.1 Operational effectiveness

Operational effectiveness is measured through ensuring good chain of command between executives and employees in the company. All the departments of the company are related to each other for distributing gas (Jensen, 1993). The hierarchical structure is given by the entity



Figure 4: Hierarchical structure of the company

Source: (Titas Website, 2022)

4.3.2 Reliability of Financial Reporting

For the reliability of financial reporting, safeguards or control activities is used in the company, including.

Table 10: Reliability of Finance

| control activities | Explanation |
|-------------------------|---------------------------------------------------------------------------------------|
| Segregation of duties | Separating authorization Custody and record-keeping roles. |
| Retention of records | Maintaining information through the software. |
| Monitoring of operation | Monitoring operation by the managers of relevant departments |
| Budget | Separate section called budget under Finance division to prepare company budget. |
| Internal Audit | Separate department reviewing and approving transactions. |
| External Audit | Annual statutory audit completion. |
| Top-level review | Performed by the top management to identify the difference between actual and budget. |

4.3.3 Applicable laws and regulations compliance

As Titas is a government organization and listed in the share market, the company has to follow the law's general rules and regulations. To govern the environmental practice of the company, the following rules are given

- Corporate Governance Guideline 2018
- Securities and Exchange Ordinance 1969
- Securities and Exchange Commission Act 1993
- Gas Distribution Rules 2014
- Companies Act 1994
- Bangladesh Energy Regulatory Commission (BERC) Act 2003
- Public Procurement Rules 2008
- Rules for Government Commercial Audit

CHAPTER 5: PERFORMANCE ANALYSIS OF TGTDC

5.1 Shareholding Pattern of TGTDC

TGTDC is required to meet an official disclosure standard known as the shareholding pattern requirement. This standard mandates that the Titas document specifics regarding its ownership pattern, which includes both promoters and non-promoters. It is also possible to explain it in terms of a company's capital structure, in which the capital pool is separated into a number of different categories of shareholding, such as individual shareholding, promoter group shareholding, institutional shareholding, government holding, non-resident Bangladesh.

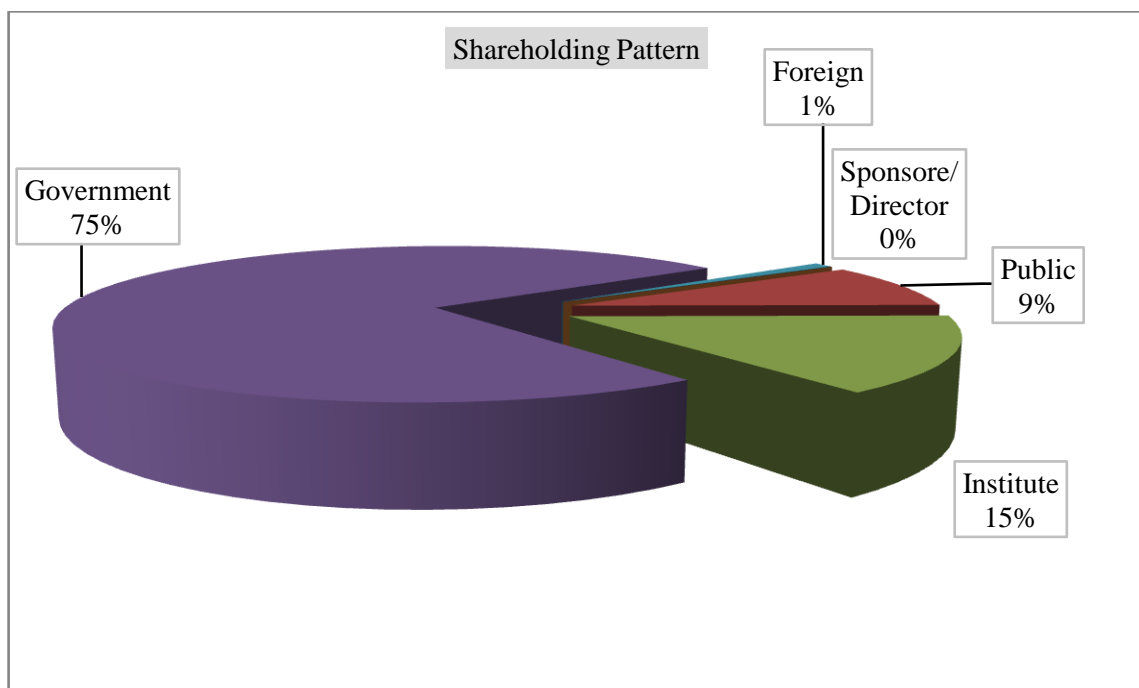


Figure 5: Shareholding Pattern

Explain: Figure 5 found that 15 and institute gas distribution, government by 75% has been shared of TGTDC and lowly shared of 1% of foreign company.

Table 11: Annual Turnover

| Basis | 2017-18 | 2018-19 | 2019-2020 | 2020-2021 |
|-------|----------|----------|-----------|-----------|
| Crore | 14189.93 | 13622.09 | 16950.41 | 17831.27 |

Source: Calculated from the annual reports (2017-2021)

Explanation:

Titas Gas Transmission and Distribution Company Limited is the major source of

revenue for the government of Bangladesh under Petro Bangla. The company's annual turnover for the year ended 2020-2021 was 17831.27 crores, and for the year 2018-19, it was 14189.93 crore. The revenue of TGTDCCL includes revenues from two sources, including gas sales revenue and operating income. The gas customers are power, fertilizer, industrial zone, and Captive power, fed gas for CNG, Domestic and commercial users. The highest turnover in gas sales called captive powerhead for 2018-19 was 3313 crores. The operating income includes rent of meter, minimum charge, heating charge, charge for connection and reconnection, commission fees, penalty, and profit from stores' sales. The highest operating income, called the minimum charge for 2018-19, was 465 crores. The following graph shows the turnover for the last five consecutive years.

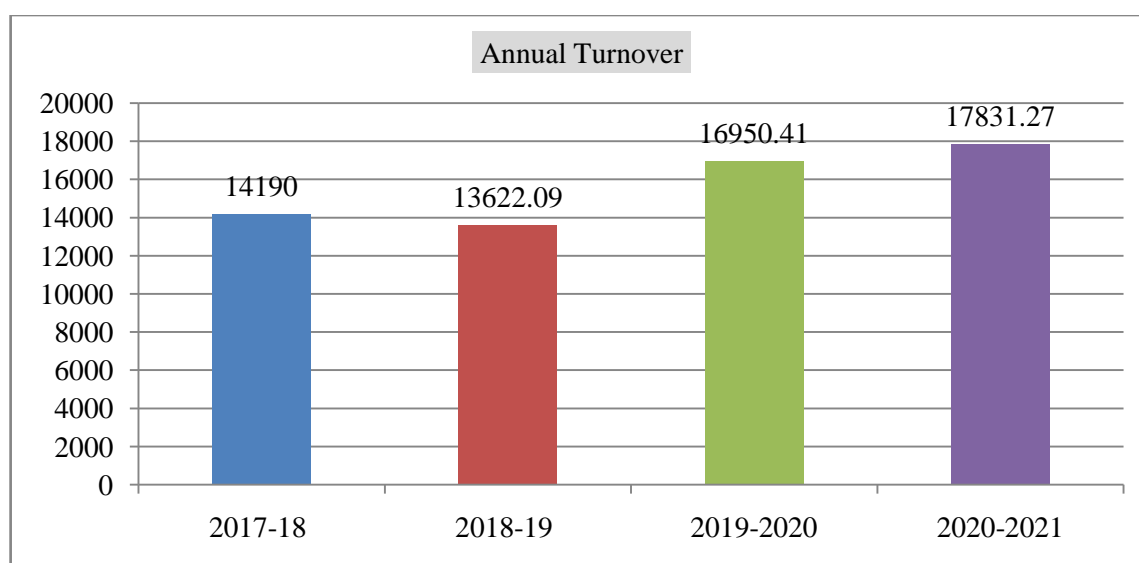


Figure 6: Annual turnover of TGTDCCL

5.2 Net Asset value per share

Table 12: Net Asset value per share

| Basis | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------|---------|---------|---------|---------|
| (Taka) | 58.36 | 61.33 | 65.49 | 67.28 |

Source: (TGTDCCL, 2021)

Explanation:

The price per share at which an investor can purchase and sell shares is known as net asset value. It is determined for a business by deducting the value of liabilities from the value of assets. It displays the value of the corporation per share. In the most recent fiscal

year, which concluded in 2018–19, each TGTDCCL share had a face value of Taka 10. The company's shares have a net asset value of 70.08 taka each. This outcome supports the notion that the share value is rising daily. The effective use of financial resources by the management aids in the company's rise in share value. The net asset value for the previous five years is displayed in the following graph.

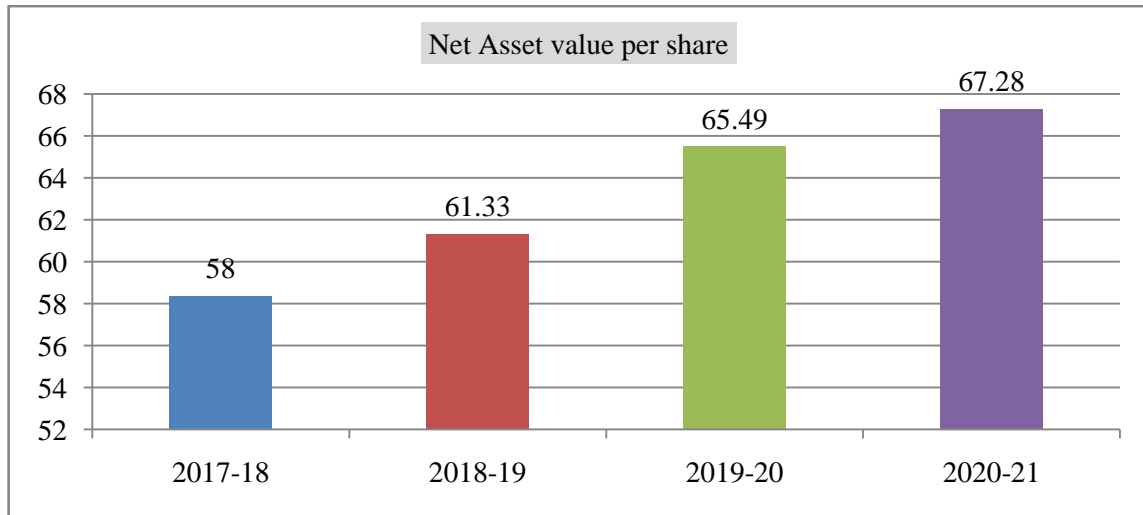


Figure 7: Net asset value per share

5.3 Liquidity Ratio

Table 13: Liquidity Ratio

| Description | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------|---------|---------|---------|---------|
| Current Ratio | 1.4:1 | 1.57:1 | 1.35:1 | 1.21:1 |
| Quick Ratio | 1.19:1 | 1.14:1 | 1.25:1 | .68:1 |
| Cash Ratio | .30:1 | .23:1 | .21:1 | .11:1 |

Source: Calculated from the annual reports

(2017-2021) Explanation:

The liquidity ratio suggests that TGTDCCL has the resources necessary to service its short-term debt without relying on outside sources. Divide current assets by current liabilities to get this ratio. More than 1.5 to 2 is the generally regarded benchmark ratio for liquidity. This company's simple current ratio is higher than one, which suggests that it can instantly reduce its current obligation without the need for outside investment. It is evident that this ratio is essentially the same from the trend analysis of the data from the previous five years.

The quick ratio indicates a company's capacity to cover its most liquid assets against short-term obligations. In most cases, prepaid costs and inventory are subtracted from the

computation of current assets. This ratio's typical value is 1. Any score below 1 indicates that the business is unable to pay its current debts. The quick ratio for TGTDCCL in 2018–19 was 77:1, but the current ratio was 1.31:1. These results make it clear why the business maintains greater prepaid costs and inventories. The firm has 199.72 corers in inventory for the 2018–19 fiscal year.

The cash ratio shows a company's ability to pay its current creditors quickly and easily. Cash and cash equivalents are split by the current ratio in the computation. This ratio has no set standard. The results of TGTDCCL suggest that the company's available cash is dwindling daily. For the corporation year 2018–19, the cash ratio was 18:1. According to this, the corporation has 18 Taka in cash on hand compared to a Taka 1 liabilities.

5.4 Profitability Ratio

Table 14: Profitability Ratio

| (%) | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|----------------------------|---------|---------|---------|---------|
| EPS (taka) | 8.98 | 7.37 | 5.12 | 3.43 |
| Net Margin Ratio | 10.74 | 6.4 | 4.03 | 3.18 |
| Return on Fixed Assets | 87.23 | 62.38 | 55 | 38.19 |
| Return on Capital Employed | 20.58 | 13.02 | 10.24 | 6.63 |
| Return on Equity | 16 | 12 | 7.8 | 5 |

Source: (TGTDCCL, 2021) Calculated from the annual reports (2017-2021)

Explanation:

The term "earnings per share" (EPS) refers to the profit made on each individual share. It is crucial for a company's profitability ratio. Investors typically base their selections on this ratio. The ratio is computed by dividing the net income of a certain firm by the total number of outstanding shares of that company. A company's profit is kept at a greater level the higher its EPS is. The EPS ratio of TGTDCCL is declining, which often indicates that the company's earnings is declining. The visual depiction of EPS for TGTDCCL is shown in the following graph.

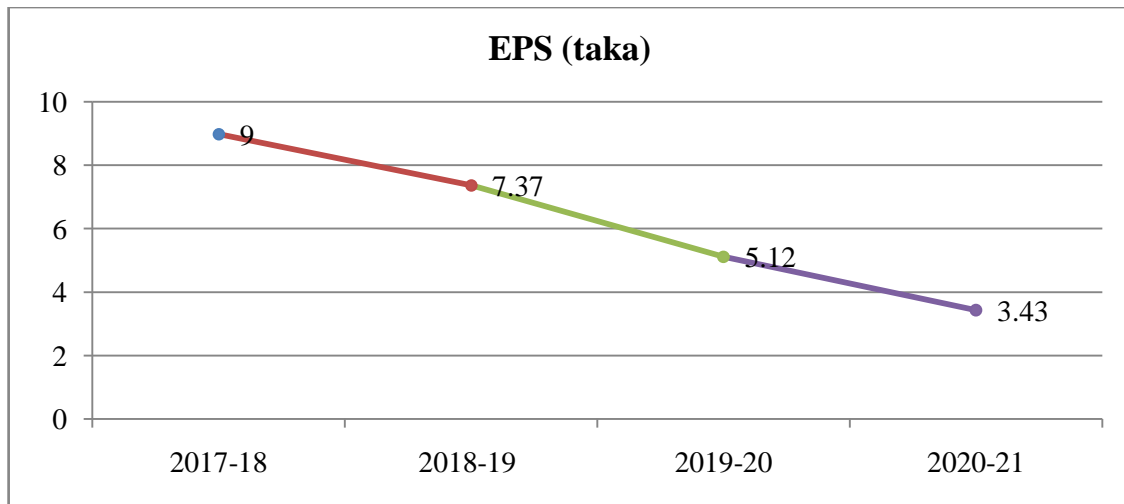


Figure 8: Earning per share trends

Explanation:

The percentage of total revenue that is left over for the shareholders after all costs have been paid is known as the net margin ratio. Net profit is measured as a percentage of total revenue. The business generated 141644 crores in sales in 2018-19, and it made 464 crores in profit. The net margin ratio for the fiscal year ending in 2018-19 is 3.28% as opposed to 10.74% for the one in 2017–18. This result suggests that overall expenses are rising faster than the business's revenue. As a result, the business has been unable to raise its net margin ratio in recent years.

Return on Fixed Asset ratio helps investors know about a company's performance in profit earning relative to its fixed assets. This analysis finds that the company is performing well in the case of its return on fixed assets. The return on fixed assets is 47.64% for the year 2018-19.

Return on Capital Employed ratio helps an investor know how much the company is making a profit from its equity. The ratio is calculated by dividing EBIT by capital employed by a company. The result of this ratio shows a decreasing tendency of return on capital employed. For example, for taka 100 equity, the profit generation was taka 20.58 in 2017-18 and taka 6.46 for 2018-19. The reducing trend implies that the company is not sufficient enough to generate profit against the invested capital.

The return on equity is an important performance indicator for any company. This ratio is calculated by dividing the return by the total equity a company has. For 2017-18, the return on equity was 16%. This implies that for every taka 100 investment in equity, the

return is taken as 16. According to the standard provided by the S&P 500, the average should be 14%, and anything less than 10% is not suitable for the company. Through the ROE, the growth rate of a company and dividend growth rate also can be estimated. The ROE of the company for 2018-19 was 6.7%. The decreasing trend in the ROE implies that the company cannot profit in proportion to its total equity or the profit is decreasing. The year 2018-19 was 464.4 crores, and the total equity was 6932.3 crores. The pictorial presentation of ROE for the last five consecutive years is given below.

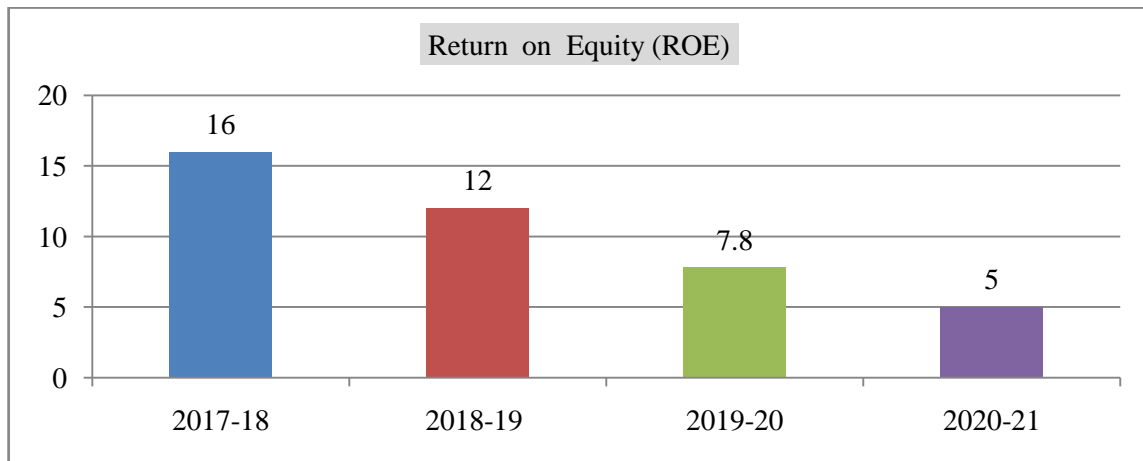


Figure 9: Trend in return on equity

5.5 Working Capital Ratio

Table 15: Working Capital Ratio

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------------------|-------------|------------|------------|------------|
| Inventory Ratio | 41.57 times | 58 times | 78 times | 92 times |
| Accounts Receivable Ratio | 3.45 times | 3.94 times | 3.53 times | 4.18 times |
| Accounts Payable Ratio | 4.48 times | 5.76 times | 5.29 times | 4.13 times |

Source: (TGTDCCL, 2021) Calculated from the annual reports (2017-2021)

Explanation:

The inventory ratio for TGTDCCL was 41.57 times or 8.7 days in 2015-15 and became 75 times or five days in 2018-19. This ratio means the time frame in which a company has sold and makes replacement in the inventory. A high inventory turnover ratio means the company has whether strong sales or it has insufficient inventory. For TGTDCCL, the

inventory turnover ratio is excellent as they have reduced the time frame of delivering and replacement in inventory. The Accounts receivables ratio helps to understand the ability of a company to collect its receivables from debtors. This ratio also shows the company's effectiveness in using and manages its credit and how easily a company can mitigate its short-term debts. The accounts receivables ratio for TGTDCCL was relatively constant for the last five years. The ratio in 2018-19 being 3.62 times implies that the company collects 3.64 times its receivables in a year from its debtors. In days, after every 100 days, the company collects from its receivables. In the Accounts payable ratio, the ratio is 2020-21 and 2018-19 were 4.48 times and 3.65 times, respectively. This means that the company has paid its creditors after 82 days and 100 days, respectively. The result implies that TGTDCCL payment times to creditors have increased from the past years to the current year.

5.6 Capital Structure Ratio

Table 16: Capital Structure Ratio

| Description | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------|---------|---------|---------|---------|
| Debt-Equity Ratio | 02.98 | 02.98 | 02.98 | 03.97 |
| Debt Service Ratio | 39.12:1 | 27.65:1 | 23.94:1 | 15.88:1 |
| Cash Dividend (%) | 15% | 20% | 22% | 25% |

Source: Calculated from the annual reports (2017-2021)

Explanation:

The debt-to-equity ratio indicates the owner's and external parties' claims on the company's current assets. For this ratio, a standard of 03.97 is commonly accepted. The corporation is deemed to have leverage if the ratio is greater, which is advantageous for the company with consistent cash flow creation. It is considered to have been funded by equity if the ratio is smaller. In 2020-21, the debt to equity ratio was 04.96:1. The ratio's interpretation reveals that the company's internal equity is greater than the claims made by third parties. Since the tendency is up, the business will start out by taking on more debt.

The debt service ratio means the availability of operating income in servicing the interest and principals of debt. The ratio is 44.61:1. This ratio of TGTDCCL is relatively high,

meaning that the company's net operating income is so high that it can quickly repay its debt and interest 44.61 times against 1. The high performing debt service ratio is a healthy indicator for the company.

The cash dividend for TGTDCCL for 2020-21 is 25%. This means that the company declares a dividend of Tk 2.6 for each 10 taka share of the company's existing shareholders. The growing nature of the annual dividend declaration is increasing for the company, approved in each annual general meeting.

5.7 Contribution to national Exchequer (Crore Taka)

Table 17: Contribution to national Exchequer (Crore Taka)

| Description | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------|---------|---------|---------|---------|
| Dividend | 281.92 | 111.28 | 148.38 | 163.22 |
| Corporate Tax | 326.79 | 338.10 | 347.18 | 342.89 |
| DLS | 25.02 | 24.97 | 24.32 | 24.28 |
| CD/VAT | 23.53 | 9.25 | 7.34 | 28.08 |
| Total | 657.26 | 483.60 | 527.22 | 558.47 |

Source: Calculated from the annual reports (2017-2021)

Explanation:

The company has a significant contribution to the national economy through earning profit and regular corporate tax, customs duties, and VAT. The government exchequer's payment is increasing day by day due to the company's revenue and profit. TDTDCCL itself contributes Taka 558.47 crore to the national exchequer for the year ended 2020-21. The graph shows the contribution to the national Exchequer for the last five years.

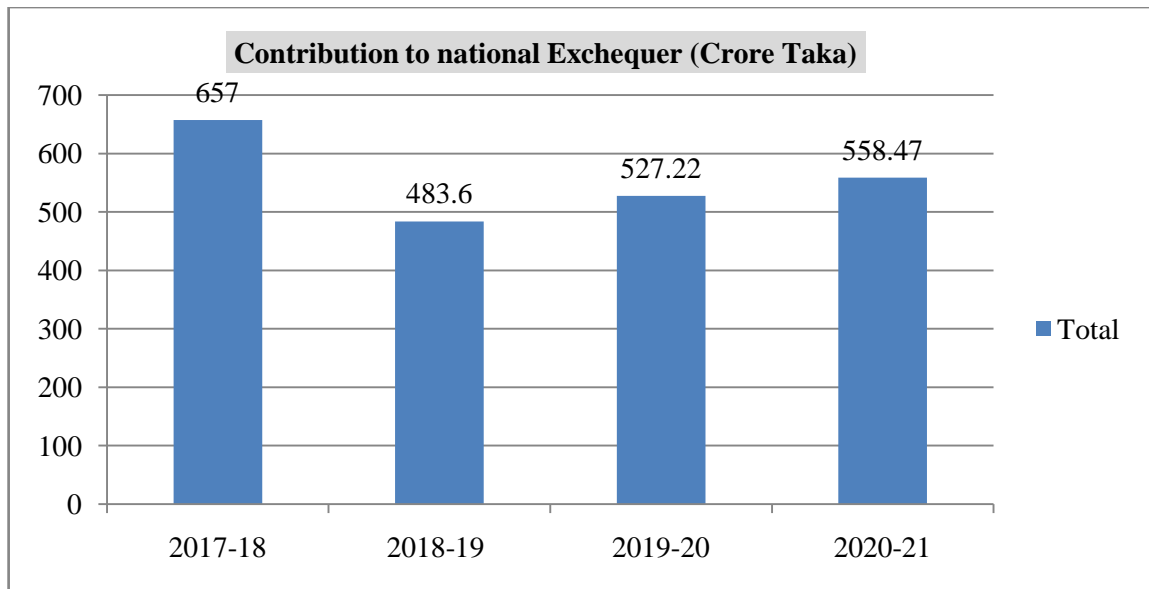


Figure 10: Contribution to the national exchequer

5.8 Growth of customers over the last five years is presented in the table below

Table 18: Last Five Year's Growth of customers of TGTDC

| Category | Number of Customer | | | |
|---------------|--------------------|------------|------------|------------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Power | 44 | 45 | 46 | 47 |
| Fertilizer | 3 | 3 | 3 | 3 |
| Industrial | 5,128 | 5,279 | 5,313 | 5322 |
| Captive Power | 1,630 | 1,680 | 1,701 | 1710 |
| CNG | 382 | 394 | 396 | 396 |
| Commercial | 11,688 | 12,075 | 12,075 | 12076 |
| Domestic | 27,64,247 | 28,46,41 9 | 28,55,302 | 28,56,247 |
| Total | 27,83,134* | 28,65,907* | 28,74,848* | 28,75,813* |

Included the 12 seasonal customers

Explanation

Growth of customer over the last 5 year' we are found that in CNG 396 in 2020-21 Financial Year (FY), accordingly annual report also domestic 28,56,247 maximum found in 2020-21 and minimum customer's rate in 27,83,134 in 2017-18 financial year. Additionally, 28,74,848 total customer of 2019-20 on the growth of customers similar 2020-21.

5.9 System Loss Reduction

The following information, which covers the period from 2017–2018 to 2020–21, pertains to the Company's system loss and gain:

Table 19: System Loss Reduction

| Financial year | Difference between Purchase and Sales (Total System Loss/Gain) | |
|----------------|----------------------------------------------------------------|-------------------|
| | In Volume (MMCM) | In Percentage (%) |
| 2017-18 | 201.19* | 1.17* |
| 2018-19 | 1003.83 | 5.71 |
| 2019-20 | 308.32 | 2.00 |
| 2020-21 | 323.64 | 2.00 |

Table 1: System Loss Reduction Program

Several programs that were initiated in order to lessen the amount of money lost by the company's systems are currently being carried out effectively thanks to the honest efforts of the company's management and personnel. The Company will do special inspections, illegal gas pipeline removal and disconnection, as well as mobile court drives, in order to detect and disconnect unlawful gas use.

5.10 Audit Report

Table 20: Audit Report

| Description | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-------------|-----------------------------|-----------------------------|-----------|----------------------|
| | Qualified | Qualified | Qualified | |
| CA firm | Khan Wahab Shafique &Co. | Khan Wahab Shafique &Co. | Acnabin | Shafiq Basak & Co |

Explanation:

In 2017-18, the reason for the qualified opinion was due to trade receivables, customer security deposit, deferred tax asset and liabilities, and pension fund. The gross trade receivables were Taka 25488 million, on which the zone office did not confirm the ledger balance of Taka 21795.50 million. The same case happens for the customer security deposit of Taka 9303.95 million. In netting of deferred tax assets and liabilities, auditors found net profit understated by 792.94 million. The company was uncertain in a pension fund of 1126 million.

In 2015-16, due to realized gain mismatch, the company showed profit overstated by 1587.13 million though no amount is realized. The company was uncertain in a pension

fund of 922.34 million. Taka 6.22 million was shown as disconnection and reduction of system loss cost, which creates a threat to society by illegal gas connection. The gross trade receivables were Taka 32232 million, on which the zone office did not confirm the ledger balance of Taka 27911 million. The same case happens for the customer security deposit of Taka 10604 million. In netting of deferred tax assets and liabilities, auditors found net profit understated by 912.87 million.

In 2016-17, due to realized gain mismatch, the company showed profit overstated by 227.97 million though no amount is realized. The company was uncertain about in pension fund of Taka 482.13 million. Taka 19.19 million was shown as disconnection and reduction of system loss cost, which creates a threat to society by illegal gas connection. The gross customer security deposit was Taka 1157.56 million, on which the zone office did not confirm the ledger balance.

In 2017-18, due to realized gain mismatch, the company showed profit overstated by 45.59 crore though no amount is realized. The company was uncertain about the pension fund of Taka 30 crore. Taka 2.06 crore was shown as disconnection and reduction of system loss cost, which creates a threat to society by illegal gas connection. The gross customer security deposit was Taka 1519.79 crore, on which the zone office did not confirm the ledger balance.

In 2018-19, The Company had a short balance in pension fund, Taka 3740.94 crores. The gross customer security deposit was Taka 1842.39 crore, on which the zone office did not confirm the ledger balance. A revenue loss of Taka 531.47 crore and taka .95 crore was shown as disconnection and reduction of system loss cost, which creates a threat to society by illegal gas connection. The valuation of the inventory of Taka 199.72 crore in cost was not by the International Accounting Standard 2 (IAS 2).

CHAPTER 6: FINDINGS AND RECOMMENDATIONS

6.1 Findings

1. The company's ROE for 2018-2019 was 6.7%. The declining trend in ROE indicates that TGTDCCL is unable to profit proportionally to its total equity or that its profit is shrinking.
2. In 2015-16, the inventory turnover ratio for TGTDCCL was 41.57 times, or 8.7 days, compared to 75 times, or five days, in 2018-19. A high inventory turnover percentage indicates either robust sales or insufficient inventory levels.
3. It is deemed funded by equity if the ratio is less than one. In 2020-21, the ratio of debt to equity was 4.96:1. The interpretation of the ratio indicates that the company's internal equity exceeds the claims made by third parties.
4. The zone office did not confirm the ledger balance for TGTDCCL's Taka 1,842,39 billion gross customer security deposit. The inventory valuation of Taka 199.72 billion in cost was not in accordance with International Accounting Standard 2. (IAS-2).
5. Titas pays for the quantity of gas used on their line of the TGTDCCL is not now performing its transmission duties.
6. The central database and the accounts division of TGTDCCL receive the meter readings and non-meter accounts not proper accuracy from various gas fields, the TGTDCCL's consumers.

6.2 Recommendations

1. With an increase in asset turnover, TGTDCCL can finance them with loan and equity. By raising the proportion of debt capital to equity capital, a corporation can raise its return on equity.
2. Improving the TGTDCCL inventory turnover rate will enhance inventory management, decrease production costs, and boost sales. In order for this to be successful, the company will need to concentrate on and enhance specific business areas after calculating inventory turnover.

3. While a market-based strategy may attract the most qualified employees, an emphasis on internal equity provides superior defense against TGTDCCL discrimination cases.
4. Reflects the balance at the beginning of the day after posted transactions from the previous business day have been accounted for TGTDCCL and is a superior statistic for long-term financial planning; IAS-2 shall be followed.
5. TGTDCCL pays for the quantity of gas used on their lines weekly check need for performing its transmission duties.
6. The central database and the accounts division of TGTDCCL will provide digital meter and meter readings properly accounts accuracy from various gas fields, the TGTDCCL's consumers.

CHAPTER 7: CONCLUSION

The financial performance of Titas Gas Transmission and Distribution Company Limited is summarized in this report. The financial ratios estimated in this analysis suggest that, excepting a few irregularities in the financial accounts, the firm is in good overall shape. Since the potential cost is not taken into account, calculating the company's cost of equity is challenging. Additionally, this indicates that the business cannot use net present value (NPV). These irregularities are discovered by the auditor hired by this organization in trade receivables, pension funds, customer security deposits, and system losses. The corporation gave the government more than 592 crores in 2018–19 despite being controlled by it.

During my three-month internship with this organization, I was able to learn the practical implications of how to account for a bank guarantee, prepare accounts reports, write checks, and do other tasks. My professional development is aided by the workplace culture and the behavior of the employees.

The company will be able to better comprehend the trends in its profitability, liquidity, and working capital ratios with the use of this report. The last five years' contribution to the national economy has also been examined. The firm evaluated in this report's large lowering ratio will aid to mitigate their financial disadvantages. Once more, the internal control system of the organization examined in this research aids in identifying both its areas of strength and weakness. Due to the company's dominant status in this industry, a lack of competition might hurt its financial success.

Since natural gas is the primary fuel for generating energy and for other purposes, the corporation should concentrate on enforcing restrictions on unauthorized gas connections and waste. Integrity and professional ethics should be properly upheld by a major gas distribution firm. Last but not least, the business must concentrate more on the causes of a certified audit report in order to correct any irregularities in financial problems.

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Appendix I: Non-metered Accounts Checked

Mutual Trust Bank Limited

A/C Code:

Non-metered Accounts Checked

| <i>Month</i> | <i>As per Ledger</i> | <i>As per IT</i> | <i>L-IT</i> |
|--------------|------------------------|------------------------|----------------------|
| July'19 | 2,29,58,671.00 | 2,29,62,221.00 | (3,550.00) |
| Aug'19 | 1,99,45,881.00 | 1,99,47,831.00 | (1,950.00) |
| Sep'19 | 2,60,26,299.00 | 2,60,35,039.00 | (8,740.00) |
| Oct'19 | 2,50,44,084.00 | 2,50,51,892.00 | (7,808.00) |
| Nov'19 | 2,31,69,982.00 | 2,31,89,612.00 | (19,630.00) |
| Dec'19 | 2,33,18,332.00 | 2,33,34,882.00 | (16,550.00) |
| Jan'20 | 2,34,72,596.00 | 2,34,91,121.00 | (18,525.00) |
| Feb'20 | 2,34,10,517.00 | 2,34,30,017.00 | (19,500.00) |
| Mar'20 | 1,71,67,201.00 | 1,71,80,851.00 | (13,650.00) |
| Apr'20 | 1,51,330.00 | 1,51,330.00 | - |
| May'20 | 23,66,499.00 | 23,66,499.00 | - |
| Jun'20 | 3,85,24,062.00 | 3,85,59,162.00 | (35,100.00) |
| Total | 24,55,55,454.00 | 24,57,00,457.00 | (1,45,003.00) |

Source: Internal calculation

Appendix II: Gas Price in Bangladesh

Bangladesh Energy Regulatory Commission

Gas Pricing Rate (Cubic Meter)

16 October, 2018

| Explanation | Product ion Charge | LNG charge | Gas Development Fund | Fuel Security Fund | Transmission Cost | Distribution Cost | VAT | Custom er Rate (Taka) |
|------------------------------------|--------------------------|---------------|----------------------------|--------------------------|----------------------|----------------------|-------|-----------------------------|
| Electricity | .7253 | 1.1219 | .1946 | .0579 | .4235 | .25 | .3868 | 3.16 |
| Fertilizer | .5516 | .83 | .31 | .025 | .425 | .25 | .31 | 2.71 |
| Field Gas for CNG | 9.22 | 14.44 | 2.94 | .92 | .42 | .25 | 3.78 | 40 |
| Captive Power | 2.0278 | 4.13 | .41 | 1.16 | .42 | .25 | 1.20 | 19.62 |
| Industry | 1.7732 | 3.19 | .58 | .59 | .42 | .25 | .93 | 7.76 |
| Tea Garden | 1.7030 | 3.03 | .58 | .53 | .42 | .25 | .89 | 7.42 |
| Commercial- Hotel Restaurant | 4.37 | 7.59 | 1.15 | 1.17 | .42 | .25 | 2.07 | 17.04 |
| Residential Meter | 2.18 | 3.89 | .53 | .68 | .42 | .25 | 1.11 | 9.10 |

Source: BERC, 2018

Titas Gas Transmission & distribution Company Limited

Gas Pricing System

As on 01 July 2019

| Explanation | Unit | (Taka) |
|-------------------------------------|-------------|--------|
| Electricity | Cubic Meter | 4.45 |
| Fertilizer | „ | 4.45 |
| Field Gas for CNG | „ | 43 |
| Captive Power | „ | 13.85 |
| Industry | „ | 10.70 |
| Tea Garden | „ | 10.70 |
| Commercial-Hotel & Restaurant | „ | 23 |
| Commercial- Small & Medium Industry | „ | 17.04 |
| Residential-Meter | „ | 12.60 |
| Residential- Non-Meter | One stove | 925 |
| Residential- Non-Meter | Two stove | 975 |

Appendix III: Bank Guarantee Letter (sample)



তিতাস গ্যাস ট্রেডার্স অসোসিয়েশন এণ্ড ডিস্ট্রিবিউশন কোম্পানি লিমিটেড
(পেট্রোবাংলার একটি কোম্পানি)



সূত্র নং: ২৮-০৩-২০২০ইং
তারিখ: ০৮-০৩-২০২০ইং

বরাবর
ব্যবস্থাপক
শাহজালাল ইসলামী ব্যাংক লিঃ
নরায়নগঞ্জ শাখা
৫৬, এস.এম মালেক রোড
নরায়নগঞ্জ।

বিষয়: ব্যাংক গ্যারান্টির সঠিকতা নিশ্চিতকরণ প্রসঙ্গে।

মহোদয়

আপনাদের শাখা কর্তৃক নিম্নবর্ণিত গ্রাহক/ঠিকাদারের পক্ষে অত্র কোম্পানির অনুকূলে ইস্যুকৃত নিগ্ধশর্ত ব্যাংক গ্যারান্টি/গ্যারান্টিগুলির সত্যতা ও যথার্থতা রেজিস্টার্ড ডাকযোগে/কুরিয়ার সার্ভিস/বিশেষ পত্র বাহকের মাধ্যমে নিশ্চিতকরণ এবং সংশ্লিষ্ট নিগ্ধশর্ত ব্যাংক গ্যারান্টির দাবী উত্থাপন করা হলে তাৎক্ষণিকভাবে পরিশোধের ব্যাপারে আপনাদের অঙ্গিকারের বিষয়টি পুণঃনিশ্চিত করার জন্য সবিশেষ অনুরোধ জানানো হ'ল।

| ক্র. নং | হিসাব/গ্রাহকের নাম | গ্রাহক সংকেত / প্রকল্প নং | ব্যাংক গ্যারান্টি নং | ইস্যু তারিখ | ব্যাংক গ্যারান্টির মূল্য | মেয়াদ পূর্তির তারিখ |
|---------|----------------------------------|---------------------------|----------------------|-------------|--------------------------|----------------------|
| 1. | M/s. Muksuda Spinning Mills Ltd. | ৪১৬০০০১৯ | ৪১৬০০০১৯ | ১৬.০১.২০২০ | 1,24,85,500 | ১৬.০১.২০ |

ধন্যবাদান্তে,

আপনার বিশ্বস্ত

ব্যবস্থাপক (নগদ ও ব্যাংক)

টেলিফোন নং- ৩৩১০৩৩২২

অনুলিপি:-

- ১। ব্যবস্থাপক (জোবিঅ-নরসিংদী), টিজিটিডিসিএল।
- ২। অফিস কপি।

প্রধান কার্যালয় : “তিতাস গ্যাস ভবন” ১০৫, কাজী নজরুল ইসলাম এভিনিউ, কাওরান বাজার বাণিজ্যিক এলাকা, ঢাকা-১২১৫, বাংলাদেশ।
টেলিফোন: পিএবিএক্স-৯১০৩৯৬০-৬৯, ফ্যাক্স : ৮৮-০২-৮১৪২২৫০, ৮৮-০২-৯১২০৫১৩, ই-মেইল : titasgas@titasgas.org.bd, mdtgas@dbn-bd.net
ওয়েব সাইট : www.titasgas.org.bd