Report On

Analyzing the Financial Position of a Marketing Consultancy Firm: A Comprehensive Financial Analysis of Unitrend Limited

By

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Student ID:16304148

An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of

Bachelor of Business Administration

Brac Business School
BracUniversity
January 2021

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. Thereportdoesnotcontainmaterialpreviouslypublishedorwrittenbyathirdparty,except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Abul Kashem Ahmed Fiaz
Student ID-16304148

Supervisor's Full Name & Signature:

Supervisor Full Name-Saif Hossain
Assistant Professor, Brac Business School
Brac University

Letter of Transmittal

Saif Hossain

Assistant Professor,

Brac Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

It is indeed a great pleasure for me to be able to hand over the result of my hardship of the internship report on "Analyzing the Financial Position of a Marketing Consultancy Firm: A Comprehensive Financial Analysis of Unitrend Limited". The acquired knowledge from the previousallthecourseshelpedmelottopreparethisreport.Igavemybestefforttoincorporate alltherelevantinformationwhilepreparingthisreport.Constructingthereporthasempowered me to comprehend the financial situation of the advertising companies in Bangladesh. I, therefore, hope that you will find this report worth reading. I have tried my best to avoid any deficiencies and hope this report will satisfy you. I hope that this report will be up to your expectation and draw yourappreciation.

Sincerely yours,

____

Abul Kashem Ahmed Fiaz

Student ID: 16304148

BRAC Business School

BRAC University

Date: 17th January,2021

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

Thisagreementismadeandenteredintobyandbetween UnitrendLimitedandtheundersigned student at BRAC University…………………………………….

Acknowledgement

The Internship opportunity I had with Unitrend Limited was a awesome chance for learning and proficient advancement. Subsequently, I consider myself as a really fortunate person as I was given the opportunity to be a portion of it. I am moreover thankful for having a chance to meet so numerous brilliant individuals and experts who driven me through this internship period. Bearing in intellect past, I am utilizing this opportunity to express appreciation and special thanks to the MD & Creative Chief of Unitrend Limited, Muneer Ahmed Khan, who in spite of exceptionally active with his duties, took time to listen, direct and keep me on the proper way and permitting me to carry out my venture at their esteemed organization. I express my appreciation to Sheik Sakir Ahmmed, Finance Executive of Unitrend Limited, for taking part in valuable choice & giving vital advices and organized all the facilities to make my life simpler.

Ichosethis minute to recognize his contribution thankfully.

It is my brilliant estimation to put on record my best respects, most profound sense of appreciation to Mr. Saif Hossain, Assistant Professor of Brac Business School for his cautious and valuable direction to create this report which were greatly important for my internship progress both hypothetically and practically. He was continuously persistence to reply all my questions and made a difference me to overcome the impediments to plan the report.

I see this awesome opportunity as a huge point of reference in my career improvement. I will strive to utilize gained skills and knowledge within the best possible way and will continue to work for advancement ,in arrange to achieve desired career goals.

Executive Summary

UnitrendLimitedisoneofpioneersinadvertisingindustryinBangladesh.Advertisingindustry is one of the very lucrative sectors now for the investors. A lot of investors nowadays are willing to invest in this industry for a potential good return. However, advertising companies seem to be not that much focused on the finance aspects of their business. Therefore, the financial reporting is not up to the standard and not a lot of analysis has been done about the financial prospects of these companies. Investors seem to get no financial information about the financial scenario of advertising industry. This report tries to mitigate this dilemma for the investors. In this report, the market value of Unitrend Limited was determined through discounted cash flow method. The free cash flow of the company was forecasted for the upcoming six years and it was then discounted by the company's weighted average cost of capital to get the market value of the company. The cost of equity was much higher than a publiclytradedcompanybutitisnormalsinceforaprivatelimitedcompany,theriskis higher for the investors. Then, the intrinsic stock value of the company was determined. To do that, earnings per share was multiplied by price-to-earnings ratio. Price-to-earnings ratio of a similarlypubliclytradedcompanywasusedtodeterminethestockpricebuttheparticularratio was converted to match the share price of Unitrend Limited. After that, a comprehensive financialratioanalysiswasdonetofindoutthefinancialperformanceofthecompanyandhow the working capital management is affecting the profitability of the company. A correlation betweentheworkingcapitalmanagementandprofitabilityratiowasindeedthere.Itwasfound outthat,thelowworkingcapitalturnoverwasresultinginlowprofitabilityratio.Itmeansthere was a positive relationship between the working capital turnover and the profitability ratio which was gross profit margin. A regression analysis was done to find out the extent the working capital turnover was impacting the gross profit margin and also to find out the significance of the analysis of these twovariables.

Keywords: Financial Performance, Stock Price, Advertising industry, Mitigating investor's dilemma, Financial ratio analysis, Focuses on the profitability

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List of Acronyms

AIDA: Attention, Interest, Desire and Culture

Chapter 1:Overview Of Internship

1.1 StudentInformation

Name: Abul Kashem Ahmed Fiaz

ID: 16304148

Program: Bachelor of Business Administration

Major: Finance & Minor:Marketing

1.2 InternshipInformation

1.2.1 Company Name: UNITRENDLIMITED

Department: Finance

Address: 31/A Western Road,1st Floor, DOHS Banani,Dhaka-1216

1.2.2 Internship Company Supervisor'sInformation

Name: Ahasanul KabirMusanna

Position: Manager- Digital Media

1.2.3 JobScope

I was appointed at the digital department of Unitrend Limited. Digital department was fairly new department in Unitrend and it has not been long since they started providing digital marketing services to their clients. I had to play dynamic role in the department that included different types of job responsibility. The major job responsibilities that I had to perform have given below:

1.3 :InternshipOutcome

1.3.1 :My contribution to the UnitrendLimited:

Revenue Forecasting: A revenue forecast is an estimate of revenues over a fixed period of time. This time period can be anything, but is usually limited to a quarter or year. A revenue forecast is based on several data points. My job was to forecast the revenue that clients will probably be able to generate by running a digital campaign or by participating in digital journey. To do that, I had to look through the past revenue data of the clients to measure their market position in the industry. Then, I had to analyze their competitors, their traits and their advantages over our client. After that, if the client has previous digital campaign records, I would look at the analytics data to find out a conversion rate. Otherwise, we would run a test or first digital campaign for the client to figure out the response of target audience to estimate a conversion rate. Based on that conversion rate and the budget the client is willing to spend on digital campaign, I would be able to forecast a revenue data for the client. If the client is happy with the forecast and data, they generally would proceed with the digital plan. **Budgeting**: Budgeting is the process of creating a plan to spend money. This spending plan is called a budget. Creating this spending plan allows to determine in advance whether a client will have enough money to do the things they need to do or would like to do. My job responsibilities included budgeting for the digital campaigns for different clients. Clients generally have an estimate about how much they want to spend for a campaign. With the help of Google and Facebook analytics and various other analytical tools, I could find an optimal conversion rate for a specific budget. With that budget, the client would be able to get the best result from their campaign.That budget would be shared with the client and upon the approval of the client, digital campaign would be executed with that budget.

AllocationofFund:After the budgeting is approved, I had to come up with investment options for the clients. To get the most out of their advertising investment,clients need a mix of media channels that will deliver the best output for them. To do that, I had to analyze various digital and social media factors. After that,I could come up the with a media portfolio mix that allocate

The whole budget in different digital media channels such as Google, Facebook, Instagram, Ad network etc.

Calculating ROI: Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment. After a digital campaign is finished, clients wait eagerly to get their hands on to the data of return on investment. I had to calculate the ROI of a digital campaign for the clients. I could track the conversions or the relevant performance measures with the help of digital analytical tools.With that I could calculate the ROI for the clients. **Tax and Compliance**:As the digital campaigns are running in digital media, the payments are also made through the digital payment gateway. Therefore, tax calculation for the expenses was a bit complicated. I needed to look after the taxation of the expenses. Generally, 15% of VAT was imposed on top of all the advertising expenses.

Market Research: Market research is an organized effort to gather information about target markets or customers. To find the digital awareness of the clients, I had to do a market research using the social media tools. It would help to guide the client to plan their next move in the market.

StrategicPlanning: Strategic planning is finding the way of making effective communication with the target market. To find the way for making the communication effective through digital media channels, I had to analyze the data and information gathered from different media channels. Also, consumer behavior in digital space towards the brand had to be done to find out the best strategy for the clients.

DigitalMediaPlanning&Buying: Digital media planning is making a plan for buying media spaces in different digital media channels.The planning has to be result oriented to get the best output from the campaign. For the client, I had to come up with a digital media plan which is

Synchronized with their current communication planned which will make their communication successful.Upon the approval of the client, I had to buy the digital media spaces for the brand.

Campaign Management: Clients run a lot of digital campaigns in different digital media channels. To successfully do the setting, monitoring and optimizing the campaign, proper campaign management was needed. To manage the campaign, I had to communicate with the creative team for the proper creatives and also with the copy team for the effective communication lines in the campaign. Then with the help of digital campaign management tools, I could successfully set up the campaign for the clients. After that, I had to monitor the campaign performance and optimize the campaign based on the results and indicators of the campaign.

1.3.2 : Benefits toStudents

There are different benefits that students can get from the internship program of Unitrend Limited. The benefits are givenbelow:

Understanding Corporate Culture: Through this internship program, a student can understand the corporate culture of the workplace and implement these learnings to their future job opportunities. For example, a student can learn the work ethics and behavioral aspects of the corporate job world through this internship program and have an overall idea of the corporate work culture which will help shape the future job performance of the student. • **Upgrading Communication Skills**: As during COVID19, the workplace environment is different from the traditional workplace environment. The communication has been changed vastly during COVID19 as most of the employees need to work from home. The communication medium has changed vastly during these periods through different online platforms like Zoom, Microsoft Teams.So, through this internship program, a student can learn how to use different online communication platforms effectively to communicate effectively.

For example, Unitrend Limited employee has been using the "Microsoft Teams" platform as the mode of communication as most of the employees in Unitrend Limited has been working from home from the commencement of the COVID19. So, any student can learn to use this platform for the medium of communication as these learnings cannot be acquired from the university learnings. Students by learning to use these platforms can quickly implement it to their future job life and can get them an edge in the competitive job market of Bangladesh.

Understandingthe"NewNormal"ofworkplaceenvironmentpost-COVID19:Thoughdue to the Covid-19 most of the employees continued their work online and began to learn more about the online communication skills, the employees of Unitrend Limited also followed the sameworkconditions.ButasistartedmyinternshipprogramonNovember,2020thingsbegan to become more difficult and I had to attend first month of my internship program virtually which did not actually gave me the positive vibes as work from home is way much stressful and difficult than work in theoffice.

1.3.3 :Difficulties during the internshipperiod:

As my internship with Unitrend Limited has been accepted from the commencement of the COVID19. So, from the very first day, it has been working from home during my internship period with Unitrend Limited. The work environment during COVID19 times has been vastly different from the traditional work environment. The communication has been the biggest challenge during the Internship period. During my virtual internship, I have understood thatin the new normal of the workplace, the importance of communication and coordination among the employees is more than ever .In the traditional workplace, communication was much more comfortable than this new workplace environment. In this new workplace environment, the communication has become like an interrelated cluster where one miscommunication can hamper the execution of the whole project and having the miscommunication is very much comfortable in this new workplace environment. Unitrend Limited has been using the platform of Microsoft teams to communicate themselves for any organizational work. So, learning to use this platform to schedule and implement meetings to work effectively has been challenging. Moreover,the communication needs to be specific and well organized for the smooth operation of Unitrend Limited. So, adapting to this process of communication has been the most challenging aspects for me during my internship period.The other challenge or difficulties was to adapt to this new workplace environment of COVID19 where you have no interaction with the other colleagues of Unitrend Limited, and all I need to was to deliver the best output for the Unitrend Limited in the best possible way by facing the challenges from the new workplace environment during theCOVID19.

Chapter 2

Organization Part: Overview, Operations and a Strategic Audit

2.1 :Introduction:

2.1.1 :Objective:

Unitrend Limited is a trusted advertising agency among the clients of different MNC'S and banks.The main objective of Unitend Limited can be described in a following manner:

*Commitment towards the need of the clients

*Maintain high form of ethical standards

*Improve all work process

*Securing the quality of the services to match that of competitors

*Maintain the brand image and position of the company

2.1.2 :Methodology:

Methodology term refers to the source or the process of collecting information for any study. The methodology can be divided into two types: Primary data which is collecting information directly from the source and Secondary data which is collecting information indirectly from the sources. The methodology of the study is given below:

• Primary Source: For the study, I have collected information from the primary sources. I have collected information for the study from my Supervisor and other employees of Unitrend Limited. I have also collected information for the report from the direct observation of other employees working in various function like HR, Finance, Marketing in the Unitrend Limited.

• Secondary Sources: I have also collected information for my study from the secondary sources. The secondary sources which I used are a website of the company and other journal and articles related to the company information and other class materials which I learned from finance courses from the university. I have collected most of my information from the secondary sources compared to the primary sources as there was not sufficient information about the primary data.

2.1.3 :Scope of the Study: The study covered the area of finance department of Unitrend Limited. The report will demonstrate a glimpse of how the market valuation of a private limited company can be done and also, how to find the intrinsic share value of a private limited company. The report will discuss various financial theories and their formula aswell as different types financial ratios use to evaluate a company's financialperformance**.**

2.1.4 :Limitations of the Study: There were several limitations that I have come across while preparing this report. If I could overcome these limitations, I would be able to provide better version of this report. The limitations are given below: i) Unable to access to vast number of financial information due to organization policy ii) No previous research in this particular industry and area iii) Unable to get the financial data of the competitors in the industry iv) Lack of standard in preparing financial report by the private limitedcompanies.

2.1.5 :Significance of the Study: The prior learning from this work is getting experience of working in three different departments of Unitrend Limited- Finance, HR &Marketing. Because of this vast experience with Unitrend Limited, I have been able to prepare an insightful report on the Unitrend Limited with the help of my supervisors from the Unitrend Limited and BRAC University. From this study, one can quickly get a clear idea of the Unitrend Limited like how the different functions like HR & Marketing work in the Unitrend Limited and the financial position of the Unitrend Limited. Moreover, we can get an overall idea of the products of Unitrend Limited, which is considered as one the versatile organization in Bangladesh in terms of having various products. This report will help others to know Unitrend Limited and the industry itself as we are also going to have in-depth knowledge about the competitors of theUnitrend.

2.2 :Overview of thecompany:

2.2.1 : BACKGROUND OF UNITREND LIMITED Unitrend Limited begun its travel in 1985. They are one of the pioneers within the promoting industry in Bangladesh. They focus on making a difference brands to creatively interface with individuals, no matter what the implies: TV, social, personality, methodology, innovation, imaginative, media, advanced, or any way of maintainable brand goodness. Unitrend Limited has been subsidiary with the world-renowned McCann Worldgroup– which could be a driving worldwide promoting company giving today's marketers with best-in-class key and inventive administrations that meet their brand-building needs over all communication channels. Moreover, Unitrend Limited is presently a part of Impress Group which has fortified its assets and noticeable quality within the industry empowering Unitrend to move quicker, point higher and reach encourage. Unitrend Limited could be a profoundly granted, full-service showcasing arrangement organization. They are the planner and the agent of a few of the industry’s most talked-about imaginative work for clients like Philips, Coca Cola and many more.

2.2.2 : MCCANN WORLDGROUP McCann Worldgroup is IPG's worldwide promoting administrations organization, with supposedly over 24,000 representatives in over 100 companies as of November 2017. McCann Worldgroup was shaped in 1997 as the parent company of McCann and a few other offices, counting MRM//McCann and Weber Shandwick. They have operation over 205 cities in 131 nations around the world. Their vision statement is: o offer assistance brands play a significant part in people's lives. McCann Worldgroup was recognized by the Cannes Lions as the 2019 Organize of the Year and by the Effie’s as the world's most creatively-effective promoting administrations company both in 2018 and 2019. The network comprises McCann (promoting), MRM (science/technology/relationship showcasing), Energy Around the world (add up to brand encounter), McCann Wellbeing (professional/dtc communications), Create (generation), Weber Shandwick (open relations) and FutureBrand (consulting/design).

2.2.3 :Impress Group: Impress Group (IG) is a driving and well-regarded combination with built up brand presence in Bangladesh. The group begun business in 1978 with a humble beginning as an advertising firm and gained identity as an industrial enterprise ever since 1983. Victory within the ready-made piece of clothing division, since early 80s, has cleared the way for the group's enhancement and extension. Over the years, the group has developed both naturally and through acquisitions and strategic partnerships that have evolved as market leaders indifferent industry segments. The subsidiaries of Impress Group were able to put a stamp for their tall standard business operation. Most of them are broadly famous by everybody within the nation. A few of the sister concerns of Inspire Group in different businesses are: i) Impress Telefilm Constrained ii) Channel iii) Incepta Pharmaceuticals Limited iv) Impress Fashion Limited v) Impress Capital Limited vi) Impress Aviation Limited vii) RadioBhumi

2.2.4 : TAGLINE OF UNITREND LIMITED: Tagline is exceptionally imperative for a brand. Unitrend works with distinctive brands within the nation and direct them to construct their tagline. However, Unitrend has a tagline on its own which is "Sensing People'sMinds"

2.2.5 : VISION OF UNITREND LIMITED : "Creating Success Stories" It is the vision statement of Unitrend Limited. They have made a part of brand fruitful counting Igloo, BSRM, City Bank etc. all through their travel which fulfills their vision statement.

2.2.6 2.2.6: MISSION OF UNITREND LIMITED :"To Become the Most Aspiring Marketing Solution Company Through Value Creation" This is the mission statement of Unitrend Limited. They have revolutionized the thought of promoting in Bangladesh time after time. They were able to supply a few of the incredible marketing arrangements like" Macher Raja Ilish,Battir Raja Phillips"for Phillips brand and "CholoShobai" subject for Nescafe. one of the foremost yearning marketing arrangement company for the brands in Bangladesh

2.2.7 : AWARDS OF UNITREND LIMITED :All through the years of their benefit, Unitrend Limited got to be of the foremost rewarded promoting organization by their clients and the brand they had worked for.Some of the striking awards of Unitrend Restricted have given below: i) Philips Brilliant Thought Award ii) The Harrison K. McCANN Authority Award iii) Aktel Theater Award iv)Srijon Samman Award-Gold v) Advertisement Club Imaginative Grant 2011 vi) Marico Marketing Excellence Awards.

2.2.8 : DEPARTMENTS OF UNITREND LIMITED :Unitrend Limited is a huge organization. They have a few offices to keep their capacities running and give administrations to their clients and brands. The offices of Unitrend Constrained have given underneath: i)BrandService:The musclepower of the company whole are about the brand's necessities. They are the medium to communicate with the clients. They bridge between the client and their brand with the agency.Clients brief their prerequisites to the brand benefit group. Brand benefit group at that point communicate the briefing with the alloted group or faculty to urge the work done. After work completion, brand benefit group yield the ultimate work to the client and alter the works agreeing their criticism. ii) Vital Arranging: The ones who decide how to capitalize on the discoveries of Pulse. This group do all the arranging for the desired work. They make the procedure to create the brand communication viable .They come up with inventive thoughts that comes about in a few of inventive communication done by the brands. iii) Imaginative: The individuals behind it all, who create thoughts and interpret them in to executions. Imaginative group get the thoughts from the vital group and their assignment is to form the concept a reality. They visualize the communication which pulls in the target group of onlookers. Imaginative group needs to get it target group of onlookers to imagine the communication. iv) Media: The ones who choose the bestway to urge to the customers. The media group comeup imaginative ways to reach to the target audience. They choose when and how the brand ought to reach to the target audience. They communicate with all the publishers and arrange the dealings for all kind of media buying and arranging in TV, Radio and News media.**v)**Digital Marketing: The teamthatkeepsthebrandonestepaheadofthecompetitorswithtechnology.Theteamanalyzes thedigitalmindsetofthetargetaudiencesandcomeupwithdigitalideasandplanbyutilizing digital analytics, touchpoints and communication. The team builds digital creatives, strategy and make digital media placements that helps a brand to excel its competitors. **vi)** Finance & Accounts: The team that keeps the company financially stable. The team communicates about all the expenses with the brand team and disburse the amount. Also, collection of money from different vendors and clients is also done by the team. The team is responsible for all the budgeting, investment and preparing financial report of thecompany.

2.3 ManagementPractices

2.3.1 OrganizationalStructure:

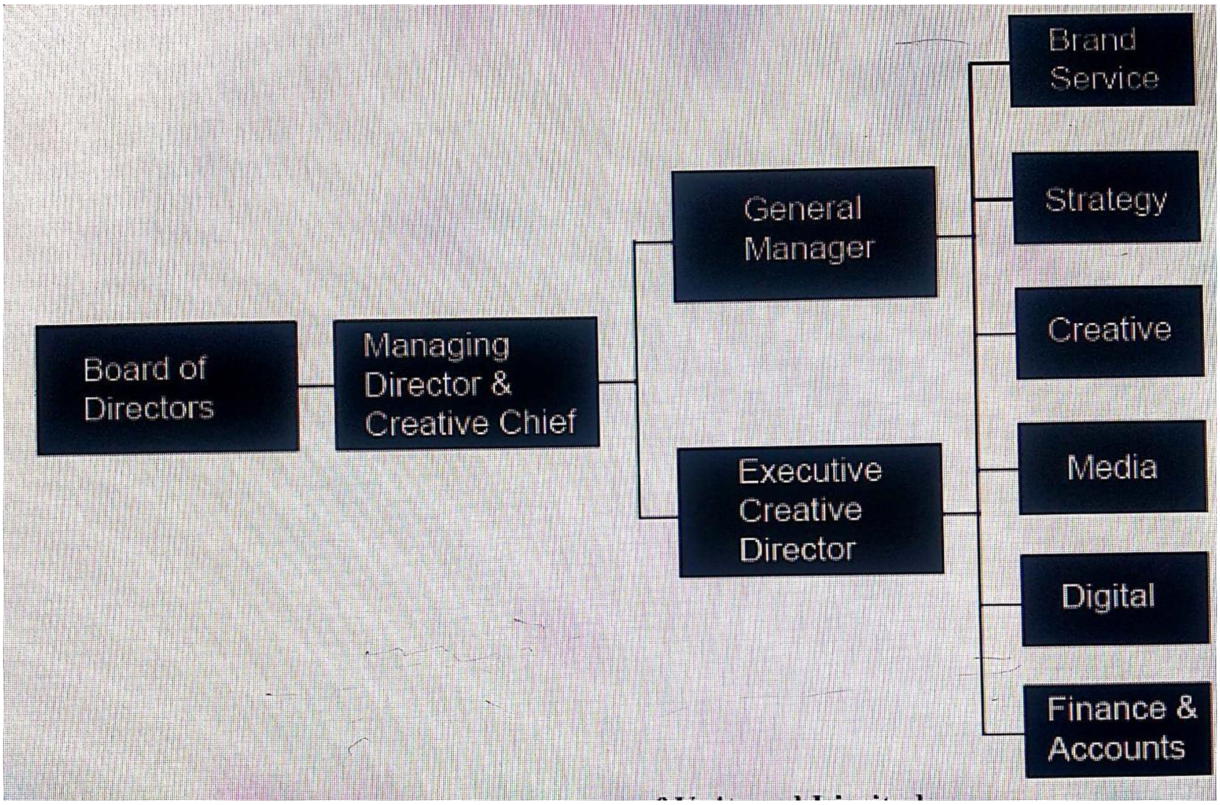

Fig:Organogram of Unitrend Limited

2.3.2 Core ManagementPractices:

Advertising agencies provide lots of services for their clients.Unitrend Limited is no special case. The administrations advertised by Unitrend Limited to their clients have given underneath: Enactment: Performing brand actuation on sake of clients. i) Brand Building: Building a brand from the portray and decide the rule for a brand based on its target group. ii)Content Development: Create content for diverse medias for the clients.iii) Occasions Planning & Execution: Planning an occasion that's pertinent to the brand and executing that occasion. iv) Showcase Inquire about: Picking up advertise bits of knowledge and shopper behavior for a specific brand. v) Design Plan: Planning brand materials for the brand Sound& Video Generation: Creating TV commercial, radio commercial and online video commercial for clients.vi)Strategic Arranging: Arranging the key ways a brand can communicate to create the communication effective.vii)Public Connection: Performing all the PR exercises for a specific brand..viii)Media Buying & Planning: Planning and buying media placements for brands across different media channels. ix) Digital Marketing: Building digital presence for a particularbrand.

2.4:Unitrend limited Marketing Practices: Marketing Practices of Unitrend Limited has helped in getting more clients as Unitrend Limited being an advertsing agency were always able to meet the clients need by running a successfulCampaign.

2.4.1:Milestones of Unitrend Limited: Through the span of history, Unitrend has crossed various accomplishments and the achievements are trend setting. A summary of the portion of the achievement that Unitrend got has given below: In1985,Landmarkadvertising Campaign for Philips Bulb declares‘ MaacherRaja Ilish Ar Battir Raja Phillips’[Hilsa the king of fish and Phillips the king of lights]. Taking after dispatch, national deals bounced by 60 percent. This marks the starting of request creation by Unitrend.In1995,Unitrend formally got to be partnered with McCann-Erickson Worldgroup. Portfolio arrangement invites brands like Coca-Cola, Reckitt & Coleman into the house. It moreover brings in a worldview move in terms of organizational culture, customer understanding, vital considering, imaginative executions and brandmanagement.In2000,Unitrend gets the Highest Acknowledgment Award within the McCann Framework. In 2001, the trailblazing ‘Simple Math’ campaign is created and propelled by Unitrend for Eastern Bank Limited. The campaign is based onthe basic understanding that customers are anxious of formal exchanges at banks. In 2004, Unitrend dispatches its specialist social and advancement communication wing,Unisocial.ClientsincludeUNICEF,FHI,World Bank,SMC and the Bangladesh chapter of JohnHopkins College Center for Communication Programs.

2.5 : Operation Management & Information SystemPractices:

The operation department try to ensure keeping tall productivity around the world of the customer exchanged items. Unitrend Limited affiliation with McCann-Erickson provided the platform from which Unitrend was able to prove its worth as a good advertising agency and was thus able to lure even more clients .Aggressive globalization policy: there are numerous ways a company seem enter a nearby advertise, it can be through joint wanders, securing, speculation, diversifying. Unitrend Limited got a worldwide recognition and managed to lure away many accomplished advertiser who were previously working for their competitor and made them their own. All supervisors must comply with the nearby rules and regulation.

2.5.1 :Operations Process andProcedure:

• QualityAdministration:Qualityassurance istheprimegoalofthisdepartment.Thismeasure all the quality needed before sending output to its client.. If any improvements are necessary, then they do it by further research and development. They have a benchmark which they need to achieve for each segment. Quality is an essential feature of every product. If the quality is notensured,thenit willultimatelyfailinthemarket.Beingoneofthemostpopularadvertising agency Unitrend Limited focus on the qualityentirely.

• Handle and Capacity Plan: Another work by operations is to handle and capacity plan. Here they focus on planning and producing the capacity which is needed by one season. Here they analyze the demand and plan the capacity and manage the campaign properly. The goal is to achieve productivity and efficiency. They focus on these by doing profit, not aloss.

• Format Plan and Strategy: For development, they work with data. They process these data with modern technology and the internet. They plan and formulate strategy according to those data in their head office. These planning and strategy help them to generate their daily day to day operate smoothly. Moreover, the Strategy department of Unitrend Limited is very much active in managing the campaignsproperly.

2.5.2 Unitrend Limited Information Management Practices:

Today’s Unitrend Limited is the result of an affiliation with MCCAN-Erikson World Group. Thesehavefueleddevelopment,butbroughtwiththemchallenges,notslightest for the Group’s IT work, because it assimilates different approaching of how to manage the campaign for its prospective client. Unitrend has reacted by rearranging its IT framework more effectively and efficiently and began to do a partnership with McCAN Erikson IT group for managing the campaigns and meeting clientsneeds.

2.6 Unitrend Limited Industry & CompetitiveAnalysis:

Unitrend Limited industry and competitive analysis are given below to determine the competitive strengths and opportunities in the market

2.6.1 The Five forces of Porter’sFive:

Figures: Porters Five Forces

The five forces of Porter’s five of the company is given below:

• **Thethreatofsubstitutes**: Thisisthefirstforcesofthis.Therearemanysubstitutesproducts of Unitrend, and they have many competitors who runs a similar type or more unique capmaigns. Similar types of campaigns and ideas are available in the marketing agency . So, there is a higher availability of substitutes. So, the threat of substitute isHigh.

• **Rivalry among existing firms**: The rivalry among various agency and Unitrend is High. As their number and balance of competitors which means the agency have many competitors for their business. The different agency provides similar types of products, which create a competitionbetweenalltheagencies.Also,everyagencyneedsvastinvestmenttooperatetheir journeyandinthemarketallthereputedagencyhaveenoughresourcestoovercometheirfixed costs. Which also makes the competition more competitive. That is why the rivalry is intense in the market. To conclude, I can say that the rivalry among existing firm isHigh.

• **Bargaining power of suppliers**: Here in Unitrend Limited Bargaining power of Suppliers means agency itself works as a supplier which means they demand money from the clients for runningasuccessfulcampaignsoftheirproducts.Butclientscanswitchtoanyotheragencyif theyfindsouttheyaregettingbetteropportunitiesinotheragencies.So herebargainingpower of supplier or agency is less.

• **Bargaining power of buyers**: there are higher the number of buyers, so there are lower the bargaining power of buyers. There are lots of buyers or clients who are interested in availing their services. So, the bargaining power of the buyer is low. Also, the agency provide a fixed price for running a campaign, so clients have less chance to bargain. The customers or buyers cannot run the campaign of their own. So, there is less chance for backward integration. So, the bargaining power of the buyer islow.

• **Thethreatofnewentrants:**Thenewentrantswillnotfindafavorablescopetotheindustry.
The business also requires a good number of skilled human capital and also high research and developmentefforttoruntheagencynicely. Itwillnotbeeasyforthenewentrantstomanage all these things. Considering the Porters Five Forces Model, it can conclude by saying that agency business is quite attractive and they have high potential to getsuccess.

2.6.2 SWOTAnalysis:

Fig:SWOT Analysis

The SWOT analysis represents the Strength, weaknesses, opportunity and threats. The strengths and weakness part in from the internal environment and the other two are from the internal environment. this four-part of Unitrend Limited is given below:

• **Strengths**: Like any other company they have Strengths also. First of all, they have a huge client base of renowned MNC'S which are huge in number than any other agency. Many few agency have a broad range of clients. They also run a wide range of Campaigns. Each campaigns have gone famous and in peoples mind .With an affiliation of McCAN Erikson WorldGroup they have become one of the renowned agencies of Bangladesh. Also, they reached economies of scale through their Campaigns. By which they can generate a considerable profit in their service. Lastly, they have an excellent brand presence of MNC'S. Their offline and online promotion is mind-blowing than any othercompany.

• **Weakness**: Weakness is the area in which the advertising agency is lacking, but there is room for improvement, and they can turn their weakness into a strength. First of all, they have Imitable campaign ideas and management. Any agency can imitate their products and bring a similar type of campaign ideas and management in the market. They should connect to their clients and try to build brand awarenessmore.

• **Opportunities**: This part focus on the external environment that means the opportunity which any company gets from its external environment. There are many opportunities for Unitrend Limited as an advertising agency. First of all, they can run an online campaign for the clients who run their business online as this is COVID situation. So, people are more focused on online products more. Secondly, they can develop or improve products of clients by taking some suggestions from the creative department of the agency, which will help them to build a relationship between them andclients.

• **Threats**: They have many threats as well. An agency like Unitrend limited has both opportunity and threat. Their biggest threat is their competitors who have a similar type of campaign ideas and management. Also, their rivalry among competitors is very intense. Secondly, their products can be easily limited, which is a threat to them as well. They need to always aware of their competitor's strategy and offerings and bring changes to their strategy as well. Also, they need to look for a gap and need to be the first one to fill thatgap.

Chapter 3:Financial Study And Valuations Of Unitrend Limited

3.1 :Introduction3.

1.1:Background:

Unitrend Limited is one of the few advertising companies in Bangladesh that properly audits their financial statements through an audit firm called, Dewan Nazrul Islam & Co., which prepares all of their financial statements for each financial year. As the main operation of UnitrendLimitedisadvertising,mostoftheirrevenuescomefromagencycommissioncharged todifferentbrands.TherearelotsoffinancialactivitieshappeninUnitrendLimited.Clientsof the company pays for all the advertising costs later. In the meantime, Unitrend has to bear all the advertising costs on behalf and approval of clients. Therefore, careful financial operations have to be done in order to keep the company financially viable and smoothen the daily operations.Everyyear,followingfinancialstatementsaremadebyUnitrendtounderstandtheir financial position: i)Statement of Financial Position ii) Statement of ComprehensiveIncome iii)StatementofProfit&LossAppropriationAccountiv)StatementofCashFlow.Abusiness valuation is a general process of determining the economic value of a whole business or company unit. Valuation of a publicly owned company is relatively easy than valuation of a private limited company. Public companies have to follow certain accounting standards (like BFRS etc.) in their financial statements and have to disclose their financial position in annual reports. Therefore, it is relatively easy to get all the financial information necessary to value a public limited company. However, in case of a private limited company, it is a very complex procedure. Because, most of the private limited companies do not follow any accounting standard and also, they do not disclose their financial information publicly. It is very difficult to get hands onto the financial information necessary to do the valuation. There has to be a lot ofeducatedguesseswhilevaluingaprivatelimitedcompany.Inthisreport,wewilldothe valuation of Unitrend Limited and try to estimate their market value as a company. To do this, we have to go through a complex procedure of forecasting a lot of financial information and make comparison with similar publicly traded company

3.1.2 : Objective: The main objective of this study to do a comprehensive financial analysis of an advertising agency while also assessing their financial performance to give the investors some idea about the industry. The more specific objectives have given below: i) To determine the market value of Unitrend Limited ii) To find the intrinsic value of the shares of Unitrend Limited iii)To analyze the financial performance of Unitrend Limited iv) To find out the correlation of working capital management and profitability v) To provide recommendations based on the analysis andfindings.

3.1.3 :Significance of the Study: The prior learning from this work is getting experience of working in three different departments of Unitrend Limited- Finance, HR &Marketing. Because of this vast experience with Unitrend Limited, I have been able to prepare an insightful report on the Unitrend Limited with the help of my supervisors from the Unitrend Limited and BRAC University. From this study, one can quickly get a clear idea of the Unitrend Limited like how the different functions like HR & Marketing work in the Unitrend Limited and the financial position of the Unitrend Limited. Moreover, we can get an overall idea of the products of Unitrend Limited, which is considered as one the versatile organization in Bangladesh in terms of having various products. This report will help others to know Unitrend Limited and the industry itself as we are also going to have in-depth knowledge about the competitors of theUnitrend.

3.1.4 :Methodology:

Research Design & Data collection: The research work that I have compiled here is combination of financial and analytical report. The report focuses on three different areas of Unitrend. First one is, determining the market value of Unitrend Limited by discounted free cash flow method and weighted average cost of capital. Second one is, determining the intrinsic share value of Unitrend with price-to-earnings ratio and earnings per share. And finally, analyze the effect of working capital management on profitability by studying various financial ratios and their correlation**.**

Data Analysis: Analyzing all the financial data was a very crucial part of this report. To come up with the results from the data, following data analyses were done: i)Growth Rate Analysis ii) Valuation Analysis iii) Stock Price Analysis iv) Profitability Analysis v) Turnover Analysis vi) Asset Composition Analysis vii) Financial Leverage Analysis viii) Liquidity Analysis ix) Hypotheses Analysis x) Correlation Analysis xi) Regression Analysis

For the above analyses, following tools were used: Microsoft Excel to calculate growth rate, profitability, turnover, asset composition, i)financial leverage, liquidity etc. ii) SPSS to do the hypotheses analysis, correlation analysis and regression analysis

3.1.5 :Limitations: There were several limitations that I have come across while preparing this report. If I could overcome these limitations, I would be able to provide better version of this report. The limitations are given below: i) Unable to access to vast number of financial information due to organization policy ii) No previous research in this particular industry and area iii) Unable to get the financial data of the competitors in the industry iv) Lack of standard in preparing financial report by the private limitedcompanies

3.2:Literature review: A study by Dhar and Aziza (2018) investigated the relationship between working capital and EPS of cement companies in Bangladesh. The authors foundno significant impact of working capital on EPS of cement companies. In case of research on working capital management and profitability for cement companies, Almazari (2014); Arshad and Gondal (2013); Manzoor (2013); Ramana et al. (2013); Rehman and Anjum (2013); Haq et al. (2011) have conducted study among others. For Saudi cement companies, Almazari (2014) found that current ratio affected profitability and as the size of a firm increased, profitability increased. However, when debt financing increased, profitability declined. Linear regression confirmed a high degree of association between working capital management and profitability. Arshad and Gondal (2013) found that current ratio and net current assets to total assets have significantly positive effect on profitability meaning when accounts receivable lengthen, profitability increases. However, quick ratio has significantly negative effect on profitability indicating that profitability decreases when inventory periods increase. Manzoor (2013) found significant negative relationship between average collection period, inventory turnover period and firm size with profitability. Positive significant relationship was found between leverage and profitability. Ramana et al. (2013) found that receivables management has significant impact on profitability. Rehman and Anjum (2013) concluded that WCM has negative association with profitability meaning when working capital increases, profitability decreases. Haq et al. (2011) found that current ratio, liquid ratio, current assets to total assets ratio, debtors' turnover ratio and cash turnover ratio have significant positive relation with return on investment. This positive relationship showed that working capital management except inventory turnover ratio has significant positive impact on profitability of cement companies. In case of cement companies in Bangladesh, Quayyum (2011) investigated the effect of working capital management efficiency on the profitability of companies listed with the Dhaka Stock Exchange. The study was a cross sectiondata evaluation and found that cash conversion cycle negatively affects profitability of a firm, expressed by return on asset. Current assets include inventories, accounts receivable, cash and its equivalents. Working capital management is defined as financing current assets and managing current assets and current liabilities of firm (Vural et al., 2012). Naser et al. (2013) identified working capital management as the management of cash, receivables, inventories and payables. Ganesan (2007) explained working capital management as short-termfinancing requirements of a firm. Working capital administration is worried about the best decision of working capital sources and the assurance of the proper degrees of the current assets and their employments. It centers consideration regarding the overseeing of the current assets, current financial obligation and the connections that exists between them (Khan & Jain, 2011-2012). The significant push, obviously, is on the management of current assets. This is reasonable as current liabilities arise in the context of current assets (Chandra, 1994). In addition, Kulkanya Napompech (2012), analyzed the impact of working capital management on companies' profitability using gross operating profit margin (GPM) as the dependent variable, it because GPM relates more closely to the cash conversion cycle and its components, various measurement of working capital management, while cash conversion cycle was used as independent variable. She concludes based on research on Thailand listed firms in seven industries that the firm's profitability may be increased by efficient management of working capital. 5 | Page The companies adopting an aggressive approach towards working capital financing policy giving more value to the company while inverse relationship between aggressiveness of working capital investment policies on company's performance (Mohamad & Saad, 2010). To be financially efficient, a firm maintains a balanced level of working capital that increases the profitability and also reduces the risk of short-term liquiditycrisis. Most of the manufacturing firms need to invest the comparatively larger portion of the total assets in working capital. The firm with high level of working capital has become very significant in financial management because of its effects on the firm's profitability, risk and consequently the value of the firm (Gitman, Forrester & Forrester, 1976).

3.3 :Findings andAnaslysis:

3.3.1 :Valuation Anaslysis: For this valuation, we will use Free Cash Flow valuation method which is very popular in doing valuation of public limited company. For calculating Free Cash Flow, we will need the following information: i) Net Income ii) Non-Cash Charges iii) Changes in Working Capital Investment iv)Interest Expense v) Capital Expenditure vi) Tax Rate vii) The formula for calculating Free Cash Flow is: FCF=NI+Int(1-t)-CAPEX- ΔWCI We will calculate the average growth rate of the stated particulars to forecast them and get our Free Cash Flow estimates. To calculate Growth Rate, the following formula will beused:

$$g=\left(\frac{\textbf{\textit{Present year}}}{\textbf{\textit{Past Year}}}\right)-1$$

Then, we will forecast the particulars using the following formula:

Forecasted:={(Avg.Particular) x (1+g)n}

3.3.1.1 :Net income: Net pay (NI), moreover called net profit, is calculated as sales minus cost of goods sold, offering, common and regulatory costs, working costs, devaluation, interest, charges, and other costs. It could be a valuable number for financial specialists to evaluate how much income surpasses the costs of an organization. This number appears on a company's salary statement and is additionally an indicator of a company's productivity. We have the net income data of Unitrend Limited for the year of 2013 to2018.

Particulars	2013	2014	2015	2016	2017	2018	Average
Net Income	3,781,656	6,236,290	5,789,000	6,139,756	6,721,901	7366319	6005820

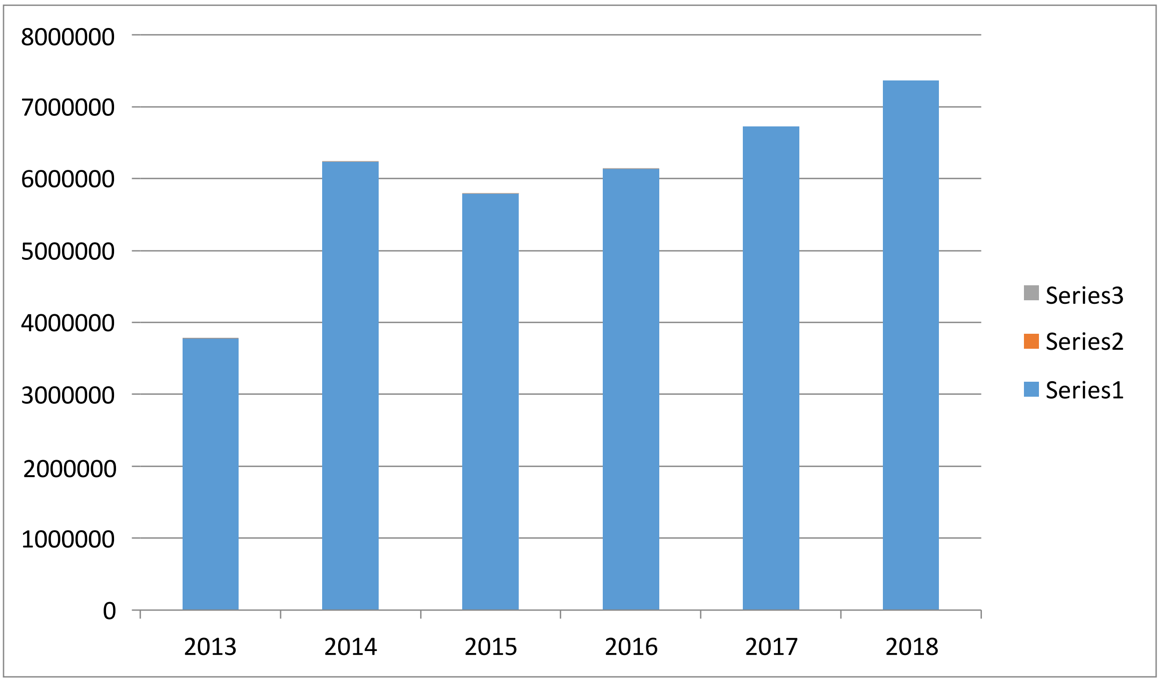

Fig:Net income from 2013 to 2018

We can see that, the net income of Unitrend had a downfall in 2015 but it had rose steadily since than up to 2018. The growth rate of net income was as follows:

Year	2014	2015	2016	2017	2018	Average
Growth Rate(%)	0.649	-0.072	0.061	0.095	0.096	0.166

Now, using the average growth rate which is 16.6%, we will be able to forecast the Net Income of Unitrend for the next 6 years. The forecasted net income for the year 2019 to 2024 is as follows:

Year	2019	2020	2021	2022	2023	2024
Forecasted Net Income	7,001,153.09	8,161,440.38	9,514,019.79	11,090,759.52	12,928,809.21	15,071,475.25

3.3.1.2 :Non-CashCharges:

A non-cash charge may be a write-down or bookkeeping cost that does not include a cash installment. They can speak to significant changes to a company's budgetary standing, weighing on profit without influencing brief term capital in anyway.Depreciation,amortization,depletion, stock-based stipend, and resource impairments are common non-cash charges that decrease profit but not cash flows.In our examination we have found that,Unitrend has as it were devaluation as non-cash charges.Followingsarethenon-cashchargesofUnitrendfromyear 2013to 2018:

Particulars	2013	2014	2015	2016	2017	2018	Average
Non-Cash Charges	3,072,598	1,691,899	971,217	811,701	937,576	991,522	1,412,752

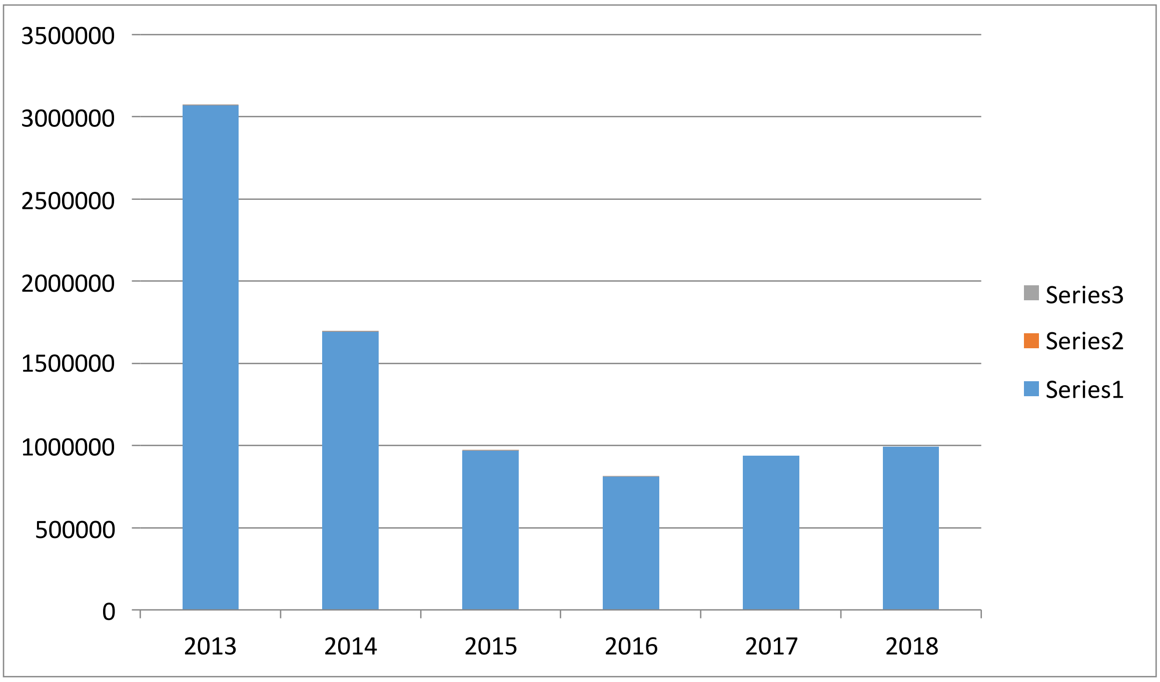

Fig: Non-Cash charges from 2013 to 2018

We can observe that, non-cash charges were much higher in 2013 but since that it has been reducedsignificantlyuntil2016.Afterwards,itstartedtoincreaseagain.Thegrowthrateofthe non-cash charges was as follows:

Year	**2014**	**2015**	**2016**	**2017**	**2018**	**Average**
Growth Rate(%)	**-0.449**	**-0.426**	**-0.164**	**0.155**	**0.058**	**-0.165**

Average growth rate of non-cash charges of Unitrend in last 6 years was negative at -16.5%.

Using this growth rate, our forecasted non-cash charges for the year of 2019 to 2024 is:

Year	2019	2020	2021	2022	2023	2024
Forecasted NCC	1,179,097.27	984,086.53	821,328.59	685,489.16	572,116.20	477,493.98

3.3.1.3 : ∆Working Capital Investment:

Working capital, moreover known as net working capital (NWC), is the contrast between a company's current resources, such as cash, accounts receivable (customers' unpaid bills) and inventories of crude materials and finished merchandise, and its current liabilities, such as accounts payable.To calculate the changes in working capital investment,first we ought to discover out their net working capital. In this case, the net working capital of Unitrend is asfollows:

Particular	2013	2014	2015	2016	2017	2018	Average
Working Capital	48,183,021	54,411,209	59,471,426	66,422,882	72,633,156	79,514,997	63,439,449

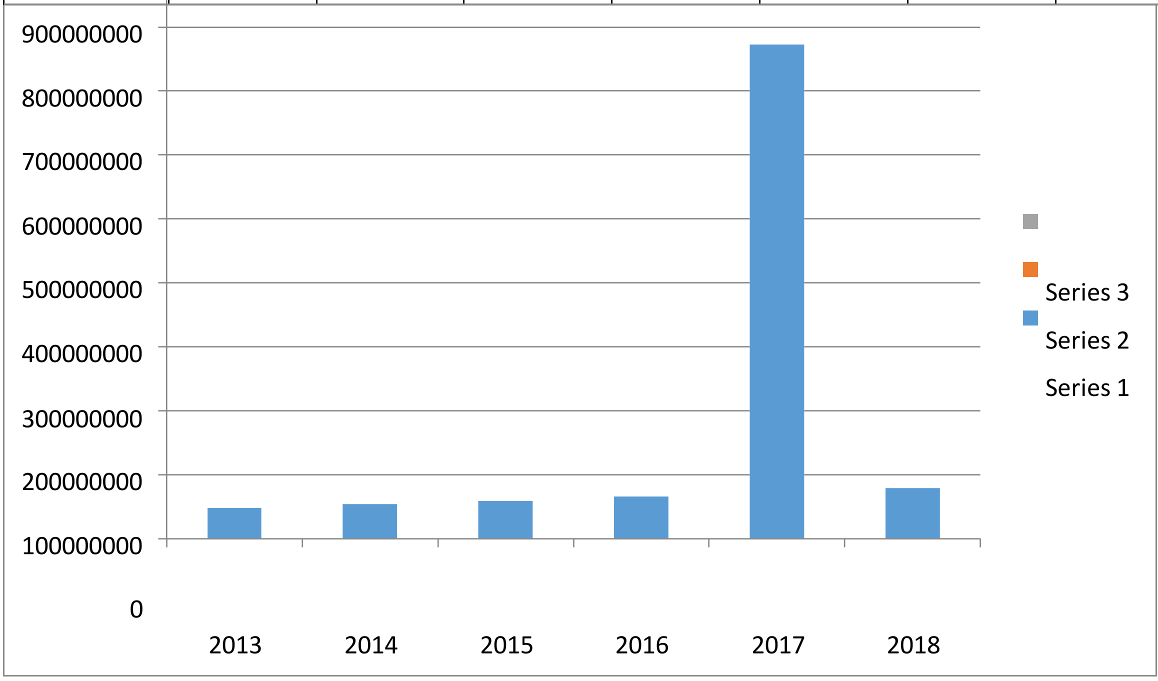

Fig: Working Capital from 2013 to 2018

We can see that, working capital has increased from 2013 to 2018 which indicates that there is growth of use of current assets. If we look at the growth rate, we can find that:

Year	**2014**	**2015**	**2016**	**2017**	**2018**	**Average**
Growth rate(%)	**0.129**	**0.093**	**0.117**	**0.093**	**0.095**	**0.105**

The average growth rate is 10.5% which indicates that there is a positive growth of working capital investment in last 6 years. With the growth rate, we can find our forecasted working capital for the year 2019 to 2024.

Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Forecast-ed Working Capital	70,130,938.03	77,528,234.95	85,705,786.68	94,745,893.23	104,739,535.47	115,787,290.79

From the forecasted working capital investment, we can find the changes of working capital investments in the future.

Year	**2019**	**2020**	**2021**	**2022**	**2023**	2024
∆Working Capital Investment	(9,384,058.97)	7,397,296.92	8,177,551.73	9,040,106.55	9,993,642.24	11,047,755.32

3.3.1.4 :InterestExpense: Interest is the charge for the benefit of borrowing money.Usually, firms borrow cash from banks to run their operations. As Unitrend is an advertising firm, most of the promoting operations have to be financed by them at first on sake of the client. Client pays them back afterward with their organization commission. In this manner, to carry out the advertising costs initially on sake of the clients, they got to pick brief term advances from banks.In result, they need to pay interests on those short-term credits as well as bank charges& expenses. If we look at their interest expense from 2013 to 2018, we can find out thefollowing:

Particular-s	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Averag-e**
Interest Expense	48,183,021	54,411,209	59,471,426	66,422,882	72,633,156	79,514,997	63,439,449

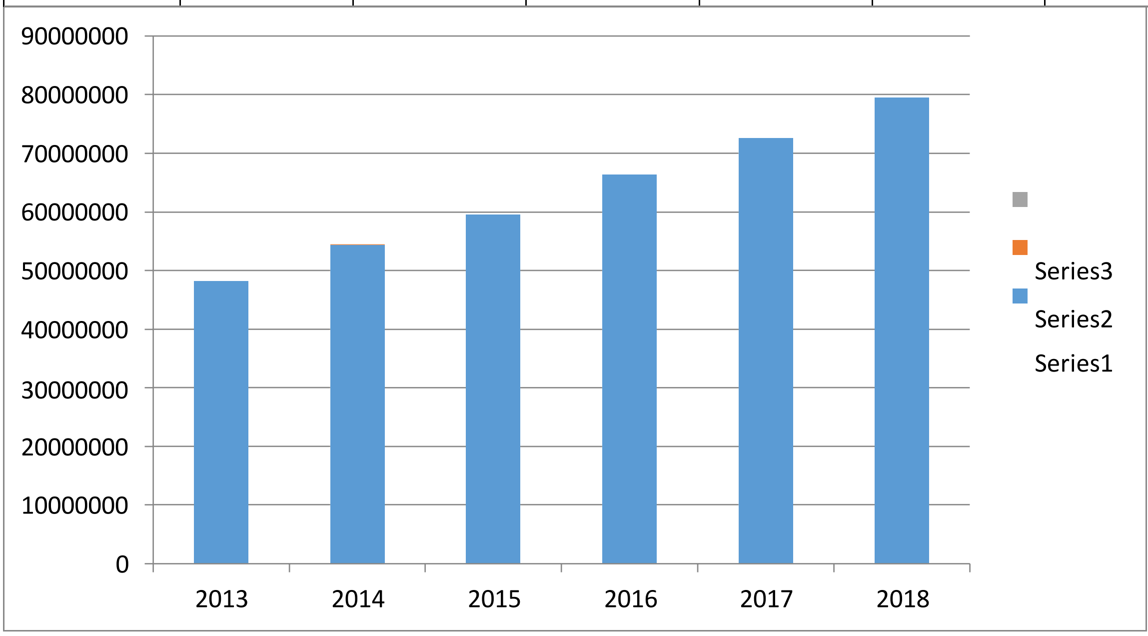

Fig:Interest Expense from 2013 to 2018

Aswecansee,theirinterestexpensewasgoingupanddownfrom2013to2015,butafter2016 it has been increasing steadily. If we look at the growth rate, we can seethat:

Year	2014	2015	2016	2017	2018	Average

Growth rate(%)	0.051	-0.127	0.100	0.150	0.050	0.045

Their average growth rate is 4.5% in interest expense. We will use that to forecast their interest expense from 2019 to 2024.

Particular	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Forecast-ed Interest expense	24,758,620.77	25,868,842.64	27,028,848.89	28,240,871.94	29,507,244.33	30,830,403.17

3.3.1.5 :CapitalExpenditure:

Capital expenditures, commonly known as CapEx, are reserves used by a company to obtain, update, and keep up physical resources such as property, buildings, an industrial plant, innovation, or equipment. As an advertising company, the capital consumption of Unitrend is not that much high. Most of its work can be done by the old infrastructures.Therefore,they do not have to be spend that much in this segment. Following is the capital expenditure of Unitrend from 2013 to2018:

Particular	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Average**
CapEx	3,800,000	1,700,000	1,700,000	**0**	2,010,415	1,476,000	3,800,000

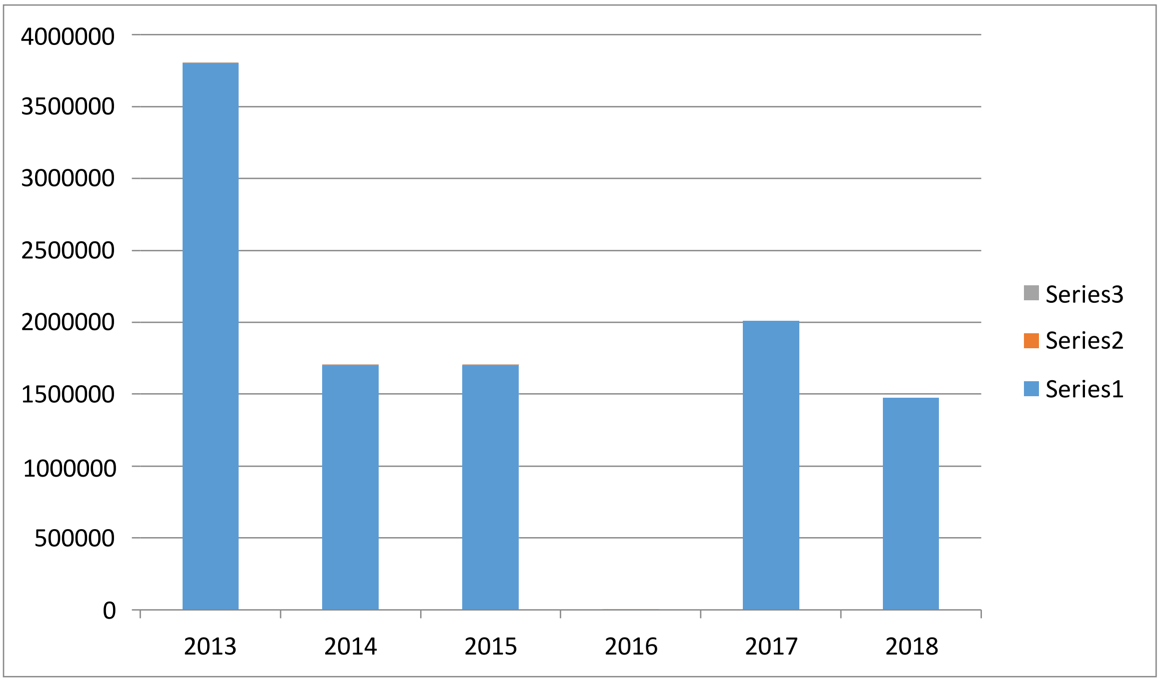

Fig: Capital Expenditure from 2013 to 2018

From the capital expenditure graph, we can see that, there expenditure is gradually slowing down over the years. In 2013, they made large sum of capital expenditure. But since then, it has been falling as much as to 0 in 2016. If we look at the growth rate, we can see:

Year	**2014**	**2015**	**2016**	**2017**	**2018**	**Average**
Growth Rate(%)	**-0.553**	**0.000**	**-1.000**	**0.000**	**-0.266**	**-0.364**

We can see that; average growth rate is negative at -36.4%. With that rate, if we forecast their next 6 years capital expenditure, we find the following:

Particular	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Forecasted Capex	1,133,310.41	721,135.66	458,865.14	291,980.03	185,789.54	118,219.56

3.3.1.6 TaxRate:

A tax rate is the rate at which a person or organization is taxed. In Bangladesh, the National Board of Income (NBR) is dependable for all charge collection. The government of Bangladesh uses a dynamic tax rate framework. For Publicly traded companies, the charge rate is 25%. For Non-publicly traded companies, the tax rate is 35%. For Banks and monetary institutions, the tax rate varies from 37.5% to 42.5%. Unitrend Limited is a Private Limited company and thus, they pay 35% tax from their net benefit each year.

3.3.1.7 :Free Cash FlowCalculation:

Free cash flow (FCF) represents money a company creates after bookkeeping for cash outflows to back operations and keep up its capital assets. Not at all like profit or net wage, free cash flow is a degree of benefit that avoids the non-cash expenses of the income statement and includes investing on equipment and assets as well as changes in working capital from the balance sheet.Fromtheaboveanalysis,wegotthenecessarydatatocalculatethefree cash flow from 2019 to 2024. Using those data, we get the following forecasted Free Cash Flow:

Particular	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Net Income	7,001,153.09	8,161,440.38	9,514,019.79	11,090,759.52	12,928,809.21	15,071,475.25
Add: Non-Cash Charges	1,179,097.27	984,086.53	821,328.59	685,489.16	572,116.20	477,493.98

Add: Interest(1-Tax)	16,093,103.50	16,093,103.50	17,568,751.78	18,356,566.76	19,179,708.81	20,039,762.06
Less: CapEx	1,133,310.41	721,135.66	458,865.14	291,980.03	185,789.54	118,219.56
Less: ∆Working Capital Investment	(9,384,058.97)	7,397,296.92	8,177,551.73	9,040,106.55	9,993,642.24	11,047,755.32
Free Cash Flow	32,524,102.43	17,841,842.04	19,267,683.28	20,800,728.86	22,501,202.45	24,422,756.42

We get the Free Cash Flow from year 2019 to 2024 from the above table. To further proceed into the valuation of the firm, now we need to calculate the Weighted Average Cost of Capital (WACC) to discount the above cash flow to get an estimated value of the firm.

3.3.2 : WEIGHTED AVERAGE COST OF CAPITAL(WACC):

The weighted average cost of capital (WACC) is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted. All sources of capital, counting common stock, preferred stock,bonds,and any other long-term debt are included in a WACC calculation. To determine the WACC for Unitrend Limited, we need to calculate two things first: i) Cost of Equity ii) Cost of Debt. As Unitrend Limited is a private company, these are the only two costs that determines their weighted average cost of capital orWACC.

3.3.2.1 : Cost of Equity:

Calculating Cost of Equity of Unitrend Limited is or maybe an unusual strategy, as we don't have a particular beta for the company. Calculating beta for a private company is additionally very complex as we don't have a market cost or data that are required to calculate the beta. Hence, we'll take a different route to identify the beta of Unitrend Limited to calculate the Cost of Equity. First, we'll need to find out the unlevered beta of the company. Beta could be a degree of market risk.Unlevered beta(orassetbeta) measures the market hazard of the company without the impact of debt. Unlevering a beta expels the budgetary impacts of use thus isolating the risk due solely to company assets. In other words, how much did the company's equity contribute to its hazard profile. To do that, we are going to take industries that are related to Unitrend Limited and measure their beta first. We'll measure their beta for four different time frames. The followings are the industries that are associated with Unitrend Limited: i)Bank ii) Cement iii)Ceramics iv) Fuel v) Food vi)Non-banking Financial Institution(NBFI)

vii) Paper viii) Real Estate. Their beta in four different time frames have given below:

Time Frame	Bank	Cement	Ceramics	Fuel	Food	NBFI	Paper	Real Estate
3 Months	0.36	1.16	0.93	1.18	2.85	0.97	-0.01	1.64
6 Months	0.54	1.43	0.93	1.39	1.47	1.07	0.78	0.72
1 Year	0.83	1.31	1.33	1.29	0.8	1.41	1.33	1.1
2 Years	0.45	1.37	0.81	0.95	0.51	0.88	3.89	1

Average Unlevered Beta=1.1459375

Ouraverageunleveredbetais1.1459375.Now,aswehavethemarketbetaforallofthe

associated industries of Unitrend, we need to figure out the correlation of Unitrend with each oftheseindustries.Wehavetomakeaneducatedguesshereandaccordingtoallthe operation of Unitrend, it sitting somewhere between 25% or 0.25. Therefore, our correlation is 0.25. Our formula for calculating unlevered beta is :

$$\text{Total Unlevered Beta}=\frac{\boldsymbol{Average\ Unlevered\ Beta}}{\boldsymbol{Correlation\ with\ the\ Firm}}$$

$$\text{Total Unlevered Beta}=\frac{\mathbf{1.1459375}}{\mathbf{0.25}}$$

Total UnleveredBeta=**4.58375**

Therefore, we get the total unlevered beta 4.58375. It is much higher than what we would get forpubliclimitedcompany.Butaswearedealingwithaprivatecompanyandtheriskismuch higher, it makes sense. Now, we will calculate the levered beta for Unitrendlimited.

Levered Beta=[Unlevered Beta X {1+(1-Tax)X(Target Debt to Equity Ratio)}] Here,fromthediscussionwiththefinanceteamofUnitrendLimited,wefindtheirTargetDebt to Equity is 75% or 0.75. Thus, our levered betais:

Levered Beta= [4.58375 X {1+(1-0.35)X(0.75)}]

LeveredBeta=6.81832812

With the levered beta, now we can proceed to calculate our cost of equity. The formula for calculating cost of equityis:

Cost of Equity= [Risk Free Rate-{Beta X (Market Rate-Risk Free Rate)}]

WecaneasilygetriskfreeratefromthetreasurybillrateissuedbytheBangladeshBankwhich is at 7.59% at this time. As most of the financial companies in the market are adding 5% 23 | Page premium for the additional risks, we can add 5% premium to that rate to have a market rate which is 12.59%. Therefore, cost of equity of Unitrend Limitedis:

Cost Of Equity= [7.59-{6.818328125 X (12.59-7.59)}]

Cost of Equity: =41.68164%

Our cost of equity is 41.68164% which is much higher than a public limited company. But as a private limited company, the risk is much higher and thus, the cost of equity is much higher than a public limited company

3.3.2.2 : Cost ofDebt

The cost of debt is the successful interest rate a company pays on its debts. It's the cost of obligation, such as bonds and loans,among others. The cost of obligation often refers to before-tax cost of obligation, which is the company's cost of obligation some time recently taking charges into consideration. In any case, the contrast within the cost of obligation some time recently and after taxes lies within the fact that interest costs are deductible. To calculate the cost of debt, we need to figure out the cost of debt before tax in the past 6 years. The formula for calculating cost of debt before tax is givenbelow:

Cost Of Debt Before Tax$=\frac{Total\ Interest\ Expense\ Incurred}{Total\ Debt}$X100

Particular	2013	2014	2015	2016	2017	2018	Average
Kd (%)	9.98	11.49	9.94	13.30	14.89	15.11	12.45

We have average cost of debt before tax 12.45% for the last 6 years. We will use that rate to calculateourcostofdebt aftertaxtofinallycalculateour WACC.Theformulaforcostofdebt after tax has givenbelow:

Cost of Debt After Tax=Cost of Debt Before Tax(1-Tax)

Cost of Debt After Tax=12.45X(1-0.35)

Cost of Debt After Tax=8.09%

Our effective cost of debt for calculating cost of debt is 8.09%

3.3.2.3 :CalculatingWACC

We know that, we have four components whereas calculating WACC. They are:i)Cost of Debt ii)Cost of Equity iii)Cost of Retained Earnings iv)Cost of New Common Stock For calculating WACC of Unitrend, we would fair need to consider two components, cost of debt& cost of equity, as there's no cost of retained earnings and cost of common stock for them. Therefore, the formula for calculating WACC wouldbe:

$WACC=(W_d \text{ X } k_{dt})+(W_e \text{ X } K_e)$

Where,

W_d = Weight of Debt K_{dt} =Cost of Debt W_e = Weight of Equity K_e = Cost of Equity

Fromourpreviousdiscussion,weknowthat,ourtargetdebtratiois75%andtargetequityratio is 25%. So, in this calculation our weight of debt will be 75% and weight of equity will be 25%. Thus, our calculated WACCis:

WACC=(0.75 X 8.09) +(0.25 X 41.68)

WACC=16.49%

Therefore, our effective weighted average cost of capital is 16.49%

3.3.2.4 :Value Of The Firm

To calculate the value of firm, we'll use discounted cash flow strategy which is additionally know as free cash stream strategy. Presently, we have all the required information to calculate the evaluated value of Unitrend Limited. The formula for the calculation is:

$$V_F=\frac{FCF\ 1}{1+WACC}+\frac{FCF2}{(1+WACC)2}+\frac{FCF3}{(1+WACC)3}+\frac{FCF4}{(1+WACC)4}+\frac{FCF5}{(1+WACC)5}$$

Therefore, using the above formula our estimated total value of the firm is,

$\boldsymbol{V}_F$=84,816,153,26/- BDT

Totalestimatedvalueofthefirm is84,816,153.26BDT.So,incaseofanypotentialmergeror acquisitionofUnitrendLimited,investorscanpaythatsumofamounttoacquirethecompany altogether. Also, this will help any potential investor to understand the market value of the company to invest in the company infuture.

3.3.3 :Stock PriceAnalysis:

The term stock price refers to the current cost that a share of stock is trading for on the market. Stock price is generally decided by the financial execution of a company and its demand and supply within the stock market. In any case, a private limited company, like Unitrend Limited, does not list its share in the stock market. Hence, it could be a bit troublesome to decide the stock price and intrinsic value of a stock price of a private limited company. Unitrend Limited has 100,000 ordinary shares issued at 100/- BDT each. To decide the stock price of Unitrend Limited, we'll need the following information: i)Earnings Per Share ii) P/E Ratio With those two information, we'll able to at last appraise the stock cost of Unitrend Limited

3.3.3.1 :Earnings PerShare:

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for exceptional items and potential share weakening. The higher a company's EPS, the more profitable it is considered. The equation we'll utilize for calculating earnings per share is:

$$\text{EarningsPerShare} = \frac{NetIncome}{Total\ Outstanding\ Shares}$$

Ratio	2013	2014	2015	2016	2017	2018	Average
EPS	37.817	62.363	57.890	61.398	67.219	73.663	60.058

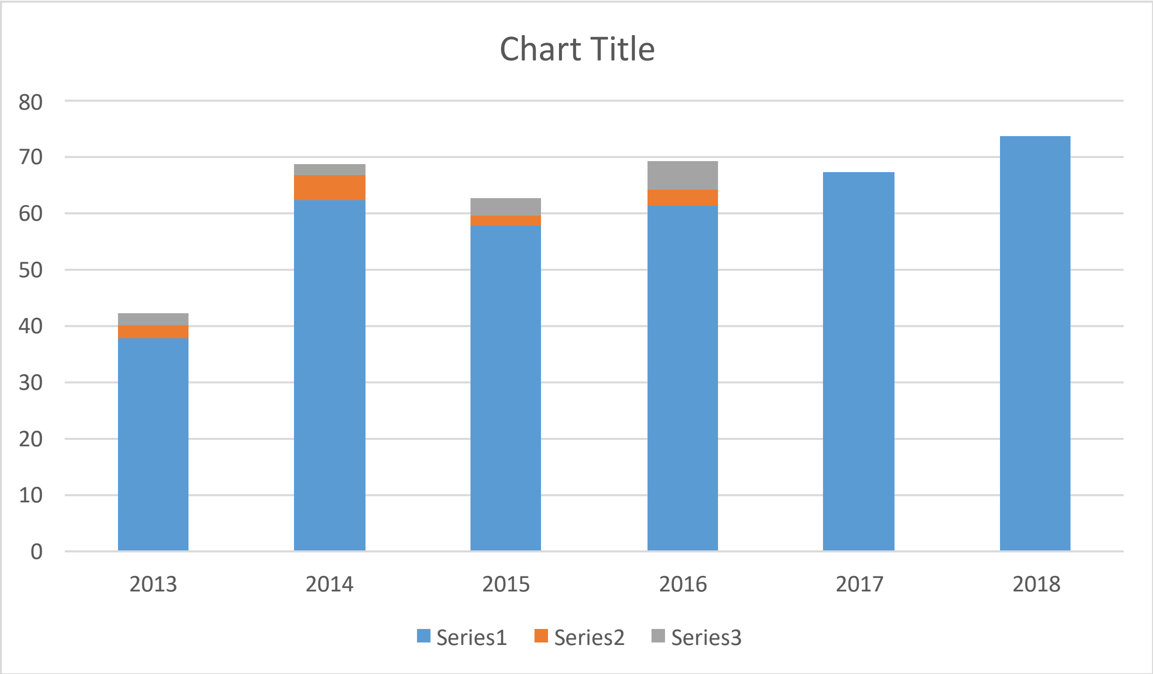

Fig:Earnings Per Share From 2013 to 2018

From the above graph, we can see that, the earnings per share of Unitrend Limited has slowly increased over the years though there was a downfall in 2015. The average earnings per share in the last 6 years for Unitrend Limited was 60.058/- BDT.

3.3.3.2 :P/ERatio:

The price-to-earnings ratio (P/E proportion) is the ratio for valuing a company that measures its current share cost relative to its earnings per share (EPS). The price-to-earnings ratio is also in some cases known as the cost multiple or the earnings multiple.P/E ratios are used by investors and analysts to decide the relative value of a company's shares in an apples-to-apples comparison. It can also be utilized to compare a company against its own verifiable record or to compare total markets against one another or over time. The equation for calculating P/E Ratio is:

$$\text{Price toEarningsRatio} = \frac{Price\ perShare}{Earnings\ Per\ Share}$$

As Unitrend Limited is private company, we cannot have their price per share to calculate the P/E ratio. Thus, we will take a similar company that is listed on stock exchange and use their P/E ratio instead. In this case, only Genex Infosys Limited is the only similar company that is listed on stock exchange. We will use their P/E Ratio which is 20.18. However, the P/E Ratio of Genex Infosys Limited is calculated based on 10/- BDT Per share price face value. But the face value of the Share Price of Unitrend Limited is 100/- BDT. Therefore, we have to adjust the P/E Ratio of Genex Infosys Limited according to 100/- BDT share price face value. Total Outstanding Share of Genex Infosys Limited is 72,175,342 issued at 10/- BDT face value. If we convert those shares into 100/- share face value, we get total outstanding share:

$$\text{Total Outstanding Share} = \frac{72{,}175{,}342}{10}$$

Total Outstanding Share =7,217,534

We will consider Total Outstanding Share of 7,217,534 to calculate the P/E Ratio we should consider for Unitrend Limited. Now, the Net income of Genex Infosys Limited was 195,627,936. Therefore, there earnings per share we should consider is:

$$\text{Earnings Per Share}=\frac{195{,}627{,}936}{7{,}217{,}534}$$

Earnings Per Share=27.1

ThestockpriceofGenexInfosysLimited is54.70/-BDTpershare.Thus,theP/ERatio we should consider for Unitrend Limitedis:

$$\text{Price to Earnings Ratio}=\frac{54.70}{27.1}$$

Price To Earnings Ratio=2.018

P/E Ratio 2.018 is the ratio we should consider to estimate the share price of Unitrend Limited.

3.3.3.3 :Estimation Of StockPrice

To estimate the Stock Price of Unitrend Limited, we will follow the following formula :

Stock Price=Price to Earnings Ratio X Earnings Per Share

Here,

P/E Ratio=2.018

Earnings Per Share=60,058/-BDT

Therefore,

Stock Price=2.018 X 60.058

Stock Price=121,204/-BDT

We have our estimated stock price of Unitrend Limited which is 121.224/- BDT. If any of the shareownersofUnitrendLimitediswillingto sell hisportionofshare,thatindividualcansell it around 121.224/- BDT per share. Also, Unitrend Limited has total outstanding share of 100,000. Therefore, the total equity value of Unitrend Limitedis:

Total Equity Value=Stock Price X Total Outstanding Share

Total Equity Value=121,204 X 100,000

Total Equity Value=12,120,419.18/-BDT

We have the total equity value of Unitrend Limited which is currently 12,120,419.18/- BDT. Potential investors can use that value to decide whether they should invest or not in Unitrend Limited.

3.3.4 :Analysis of Working Capital Management OnProfitability:

Financial execution examination is the careful assessment of a company's financial statements in arrange to get an understanding of the financial well being of the company. This area will point to cover the working capital management and financial execution of Unitrend Limited through a careful knowledge of the financial statements as well as find out why Unitrend Limited has performed appropriately which will ideally help the company to form more successful money related choices within the future. As we have expressed prior that, Unitrend Limited should bear all the advertising costs on sake of their clients. Hence, it is exceptionally vital for the mto manage their working capital effectively to preserve money related stability and create benefit out of it. In this area, we'll do a comprehensive ratio analysis to assess the working capital administration and budgetary execution of Unitrend Limited. The following ratios will be considered for this examination: 1. Productivity Ratios i)Gross Profit Margin ii) Return on Assets iii)Return on Equity iv)Net Profit Margin 2. Turnover Ratios i)Equity Turnover ii) Asset Turnover iii)Current Asset Turnover iv)Working Capital Turnover 3. Asset Composition Ratios i)Current Assets to Total Assets 4. Financial Leverage Ratios i)Debt to Equity Ratio ii) Debt Ratio 5. Liquidity Ratios i) Current Ratio ii)Cash Ratio

3.3.4.1 : PROFITABILITY RATIOANALYSIS:

Profitability could be a degree of a company's capacity to form benefits compared to the estimate of its business. It is utilized to decide how a company utilizes its accessible assets to form benefit. For the profitability analysis of Unitrend Restricted, five ratios will be utilized. They will be as takes after:

3.3.4.2 : Gross ProfitMargin:

Gross profit margin is a metric used to assess a company's financial health and business model by uncovering the sum of money cleared out over from sales after deducting the cost of goods sold. The gross profit margin is often expressed as a percentage of sales and may be called the gross margin ratio. Gross Profit Margin is calculated utilizing the following equation:

$$\text{Gross Profit Margin}=\frac{Gross\ Profit}{Net\ Revenue}\text{ X }100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Coefficient of Skewness
Gross Profit Margin	16.616	16.614	15.596	15.055	15.360	15.365	15.768	0.619	1.392

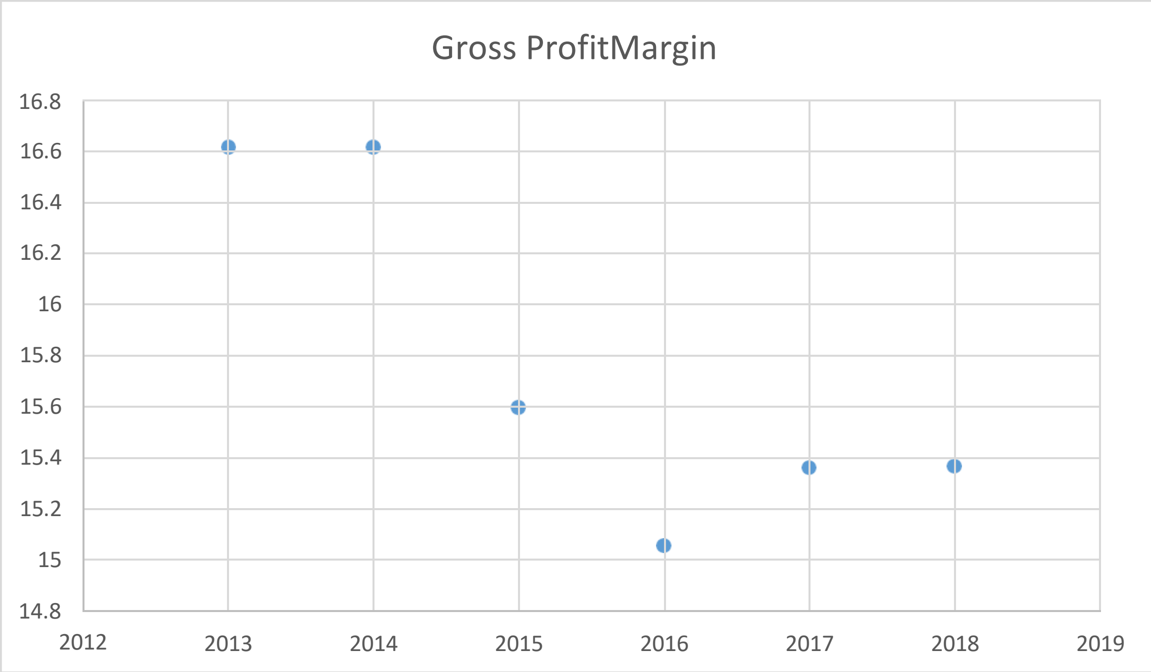

Fig: Gross profit Margin 2013 to 2018

On normal, for each 100/- BDT of income, the company created 15.768/- BDT of benefit. From the table, able to see that the gross profit margin diminished from 2014 to 2016 and after that it started expanding once more. We have standard deviation of 0.619 from 2013 to 2018. Additionally, the coefficient of skewness is 1.392 which demonstrates that the gross profit margin is positively skewed.

3.3.4.3 :Return onAsset:

Return on assets (ROA)is an pointer of how productive a company is relative to its add up to resources .ROA gives a manager,investor,or examiner an idea as to how productive a company's administration is at utilizing its resources to produce profit. Return on Assets may be a measure of a company’s efficiency at utilizing resources to create profit. We'll measure the Return on Resources utilizing the following equation:

$$\text{Return on Assets}=\frac{Net\ Profit\ After\ Tax}{Total\ Assets}\text{ X 100}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Return on Asset	**1.354**	**2.345**	**2.116**	**2.526**	**2.637**	**2.745**	**2.287**	**0.464**	**-0.960**

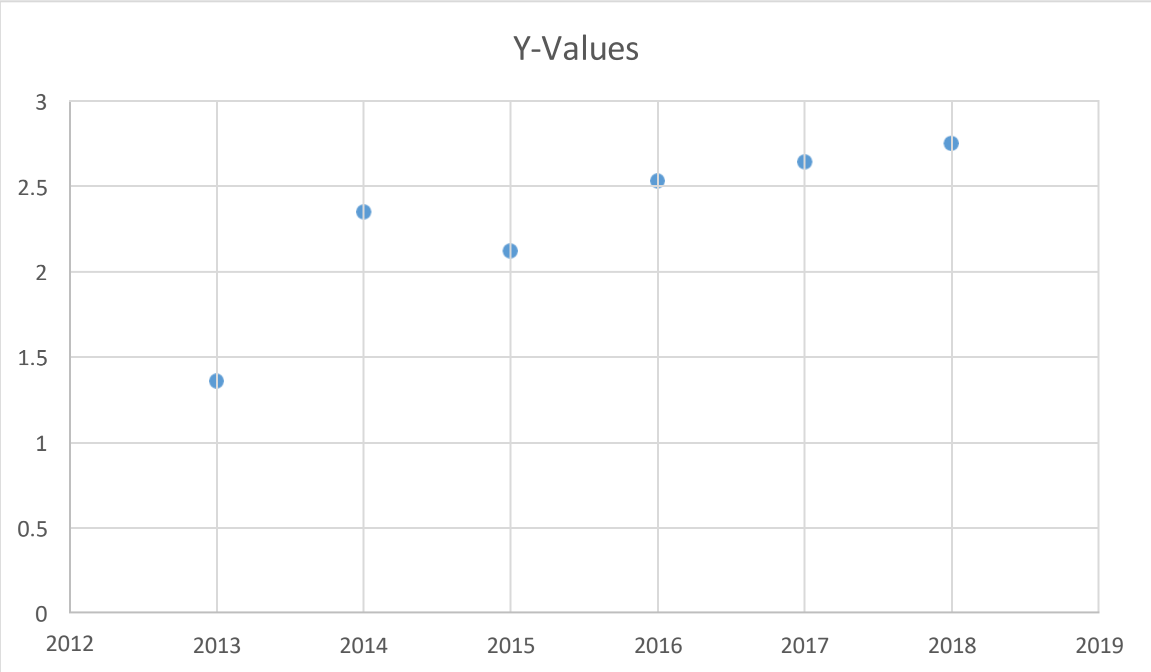

Fig: Return on Asset from 2013 to 2018

On average, each 100/- BDT of assets generated 2.287/- BDT of profit. Return on Asset was low during the early years but it has gradually increased after 2015. The standard deviation of return on asset was 0.464. And the coefficient of skewness was -0.960 which means return on asset is negatively skewed.

3.3.4.4 : Return onEquity:

Return on equity(ROE)is a degree of financial execution based on equity.Because value is equal to a company's resources minus its debt,ROE is considered there turn on net assets.ROE is considered a degree of how successfully management is using a company's equity to generate profit.

The formula we will use to calculate Return on Equity is:

Return On Equity=$\frac{Net\ Profit\ AfterTax}{Total\ Equity}$ X 100

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Return on Equity	6.860	10.162	8.620	8.377	8.342	8.376	8.456	0.959	0.250

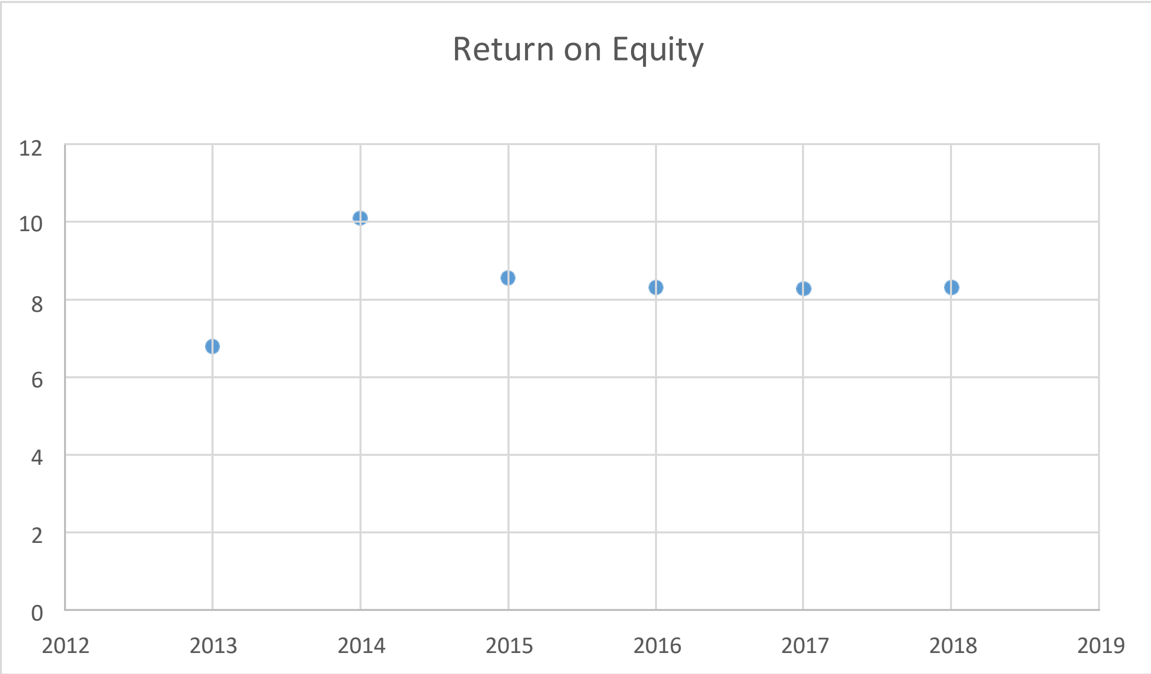
Return on Equity
12
10
8
6
4
2
0
2012
2013
2014
2015
2016
2017
2018
2019

Fig: Return on Equity from 2013 to 2018

On average, each 100/- BDT of total equity invested by shareholders resulted in a profit of 8.456/- BDT. Return on Equity seemed to rise from 2013 to 2014 but after that it gradually decreased up to 2018. The standard deviation of return on equity was 0.959 and the coefficient of skewness was 0.250 which means return on equity was positively skewed from 2013 to 2018.

3.3.4.5 : Net ProfitMargin:

The net profit margin is equal to how much net pay or benefit is created as a rate of income. Net profit margin is the proportion of net benefits to incomes for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin outlines how much of each dollar in income collected by a company interprets into benefit. We'll utilize the taking after equation to calculate net profit margin:

$$\text{Net Profit Margin}=\frac{\boldsymbol{Net\ Profit\ After\ Tax}}{\boldsymbol{Revenue}}\text{ X } 100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Net Profit Margin	0.698	1.046	0.955	0.921	0.917	0.957	0.916	0.106	-0.640

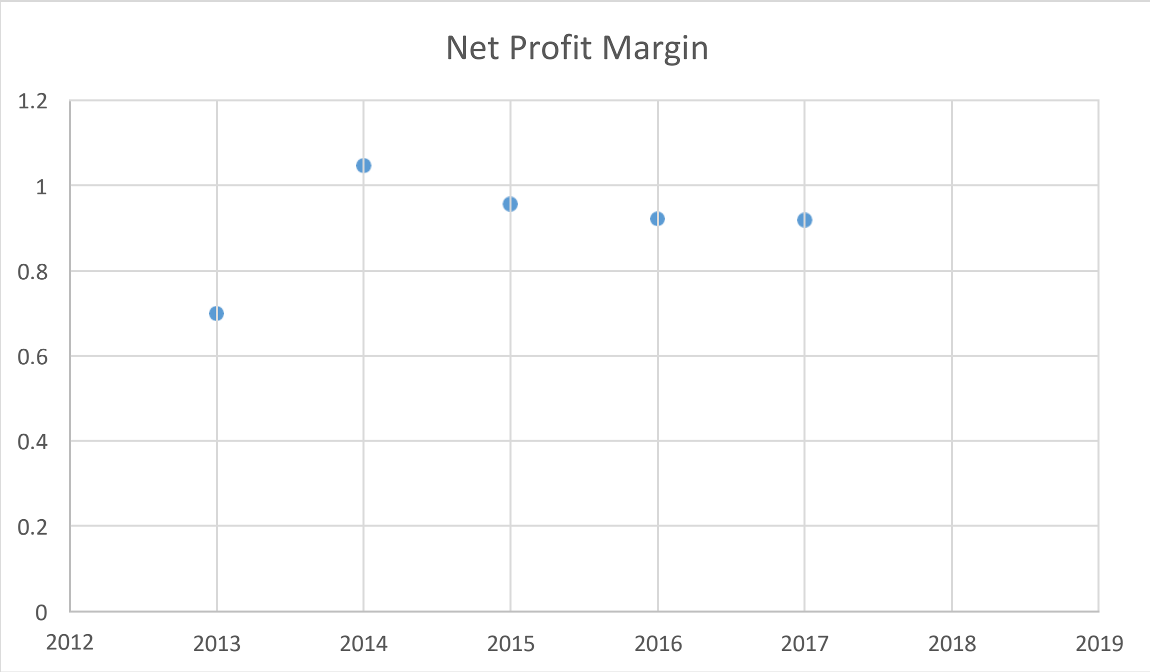

Fig : Net Profit Margin from 2013 to 2018

On average, Unitrend Limited generated 0.916/- BDT profit from every 100/- BDT revenue that it generated over these six years. There was a steep rise in net profit margin from 2013 to 2014 but after that it slowly decreases. The standard deviation of net profit margin in those six years was 0.106. The coefficient of skewness of net profit margin was -0.640 which indicates net profit margin is negativelyskewed.

3.3.5: TURNOVER RATIOANALYSIS: Turnover analysis is an examination of how effectively a firm uses its resources or equity to create income. We'll consider four ratios to perform the turnover analysis of Unitrend Limited. They are as follows:

3.3.5.1 : EquityTurnover

Equity turnover is a proportion that measures the extent of a company's sales to its stockholders' value. The expectation of the measurement is to decide the productivity with which administration is using equity to produce income. The equation we are going utilize to calculate value turnover is:

$$\text{EquityTurnover}=\frac{\boldsymbol{TotalRevenue}}{\boldsymbol{Average\ Total\ Equity}}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Equity Turnover	9.833	10.237	9.429	9.491	9.529	9.136	9.609	0.347	0.858

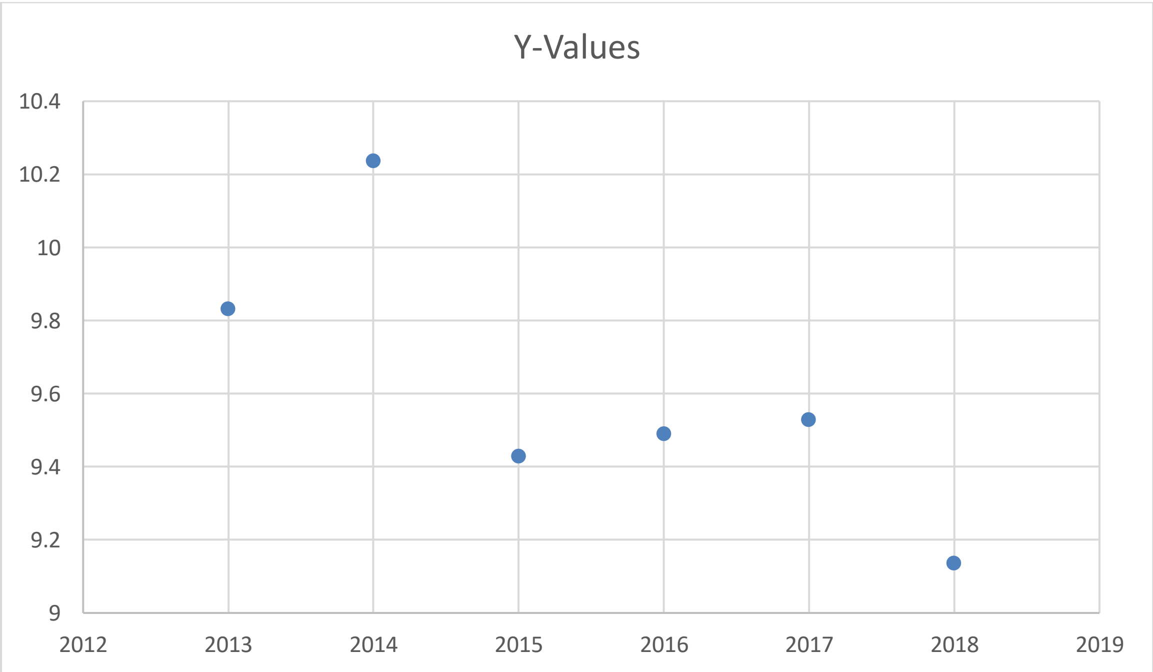

Fig:Equity Turnover from 2013 to 2018

On average, for every 1/- BDT invested by the shareholders generated income of 9.609/- BDT. Equity turnover fluctuated a lot over the years. It increased from 2013 to 2014 and then decreased from 2014 to 2015 and then again gradually increased from 2015 to 2017 and again decreased from 2017 to 2018. The standard deviation of equity turnover was 0.347 and the coefficient of skewness was 0.858 which indicates that equity turnover was positively skewed.

3.3.5.2 :AssetTurnover:

The asset turnover proportion measures the value of a company's sales or incomes relative to the value of its resources. The resource turnover ratio can be utilized as an indicator of the proficiency with which a company is utilizing its resources to create income.

The equation we'll utilize to calculate resource turnover is:

$$\text{AssetTurnover}=\frac{\boldsymbol{TotalRevenue}}{\boldsymbol{Average\ Total\ Assets}}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Asset Turnover	1.941	2.188	2.246	2.580	2.945	2.942	2.474	0.381	0.478

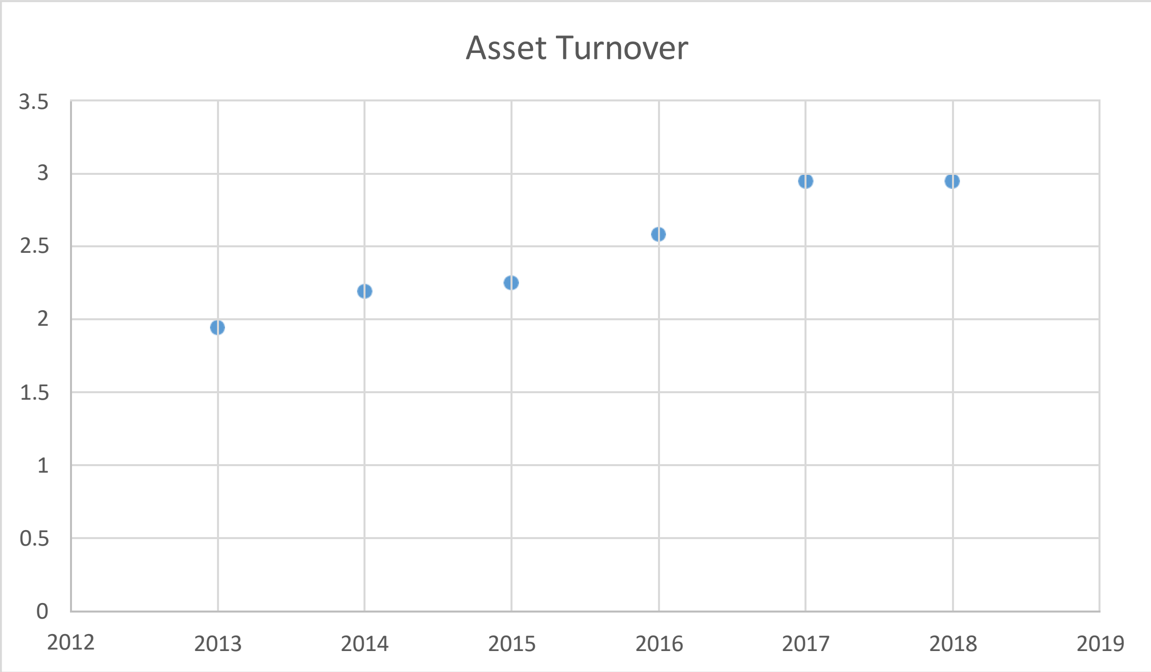

Fig :Asset Turnover from 2013 to 2018

On average, for every 1/- BDT of company's asset, the company generated income of 2.474/- BDT. Asset turnover had gradually increased over the years steadily. There was increasing turnover from 2013 to 2017 but after that, it fell in 2018. The standard deviation of asset turnover was 0.381 and the coefficient of skewness was 0.478 which indicates that asset turnover was positively skewed.

3.3.5.3 :Current AssetTurnover:

Current Asset Turnover is comparative to Asset Turnover with the special case that it depends on current assets rather than total assets. Current Asset Turnover Proportion can be used to measure how effectively a company is utilizing its current assets to generate income. We'll measure current asset turnover utilizing the following equation:

$$\text{Current AssetTurnover} = \frac{\boldsymbol{TotalRevenue}}{\boldsymbol{Average\ Current\ Assets}}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Current Asset Turnover	1.991	2.245	2.309	2.655	3.035	3.037	2.545	0.397	0.479

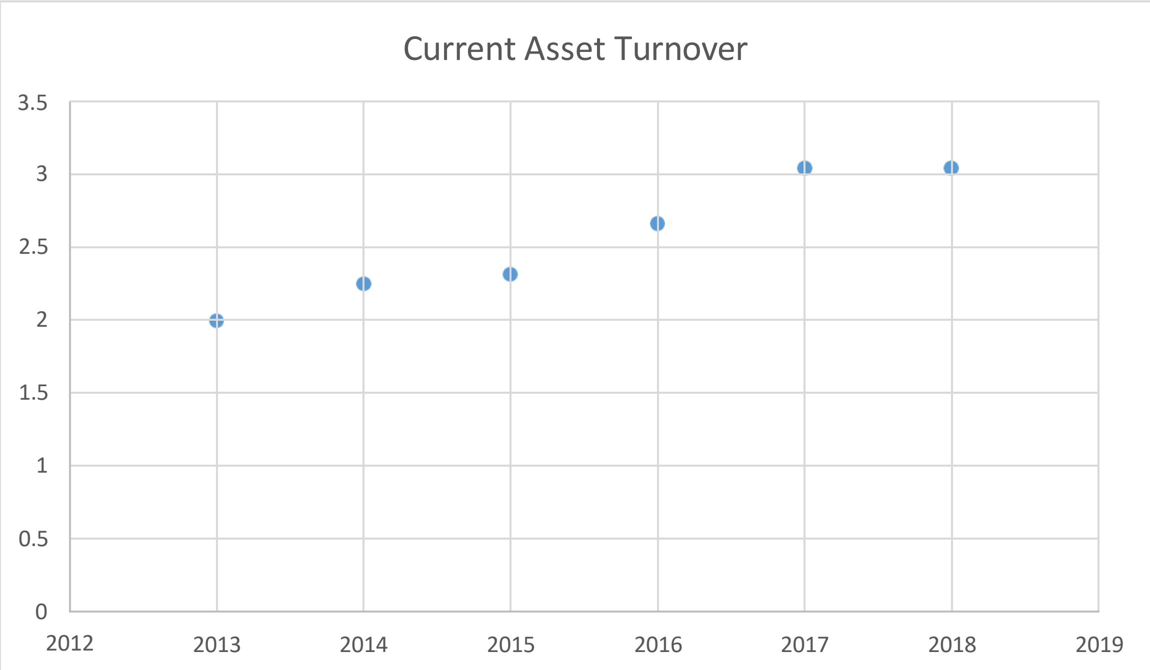

Fig: Current Asset Turnover from 2013 to 2018

On average, for every 1/- BDT of company's current asset, the company generated income of 2.545/- BDT. Current asset turnover had gradually increased over the years from 2013 to 2018. It increased significantly from 2015 to 2018. The standard deviation of current asset turnover was 0.397. The coefficient of skewness of current asset turnover was 0.479 which means that the current asset turnover was positively skewed.

3.3.5.4 :Working CapitalTurnover:

Working capital turnover could be a proportion that measures how effectively a company is utilizing its working capital to support a given level of deals. Moreover referred to as net sales to working capital, working capital turnover appears the relationship between the reserves used to finance a company's operations and the incomes a company generates as a result. The equation we will utilize to measure working capital turnover has given underneath:

$$\text{WorkingCapitalTurnover}= \frac{\boldsymbol{TotalRevenue}}{\boldsymbol{Average\ Working\ Capital}}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Coefficient of Skewness
Working Capital Turnover	11.251	11.625	10.641	10.588	10.544	10.119	10.795	0.497	1.088

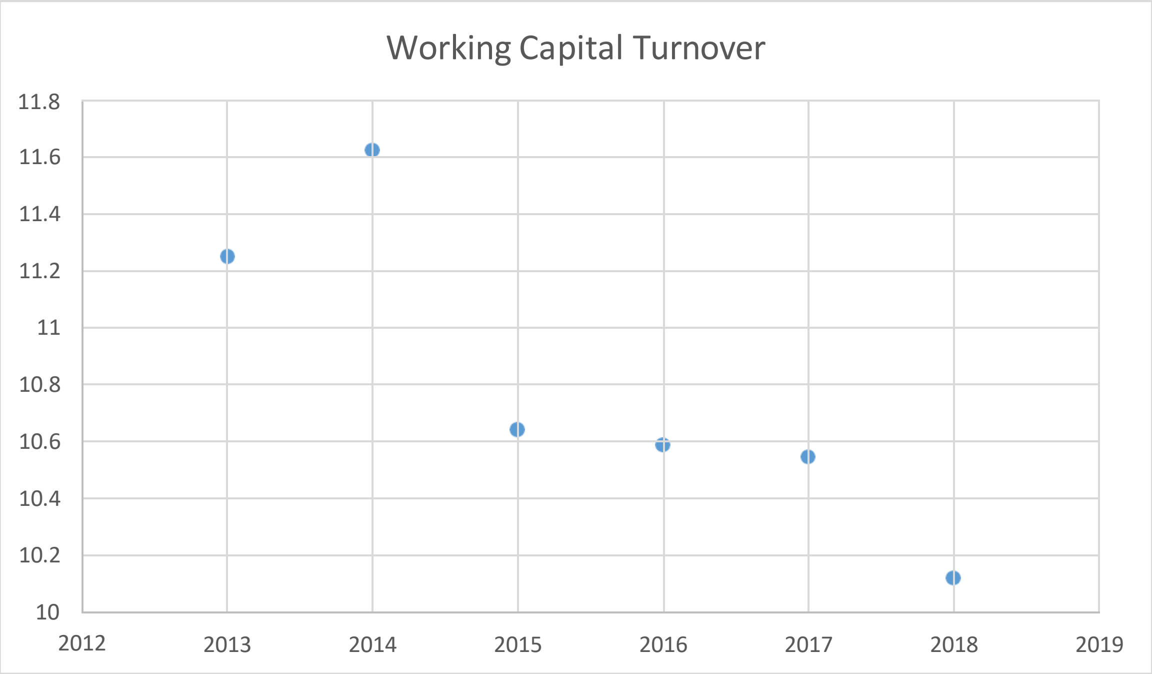

Fig: Working Capital Turnover from 2013 to 2018

On average, for every 1/- BDT of working capital injected into Unitrend Limited, a revenue of 10.795/- BDT was generated. Working capital turnover was increasing from 2013 to 2014 but since then it started declining until 2018. The standard deviation of working capital turnover is 0.497 and the coefficient of skewness is 1.088 which indicates that working capital turnover was positively skewed.

3.3.6 : ASSET COMPOSITIONANALYSIS:

Current assets to total resources will be utilized to survey asset composition of Unitrend Limited. That's since Unitrend, being an publicizing company, is less dependent on non-current resources and more dependent on current assets which is exceptionally distinctive from the industrial companies.

3.3.6.1 :Current Assets to TotalAssets:

Current assets to total assets ratio show the extent of total reserves contributed for the purpose of working capital and tosses light on the importance of current assets of a firm. It should be beneficial to observe that how much of that portion of total resources is involved by the current resources, as current assets are basically included in shaping working capital additionally take an active part in increasing liquidity. We'll utilize the following equation to calculate current assets to total resources:

$$\text{Current Asset to Total Asset} = \frac{\textbf{\textit{Current Asset}}}{\textbf{\textit{Total Asset}}} \text{ X } 100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Current Assets to Total Assets	97.512	97.384	97.192	97.172	96.883	96.859	97.167	0.239	-0.187

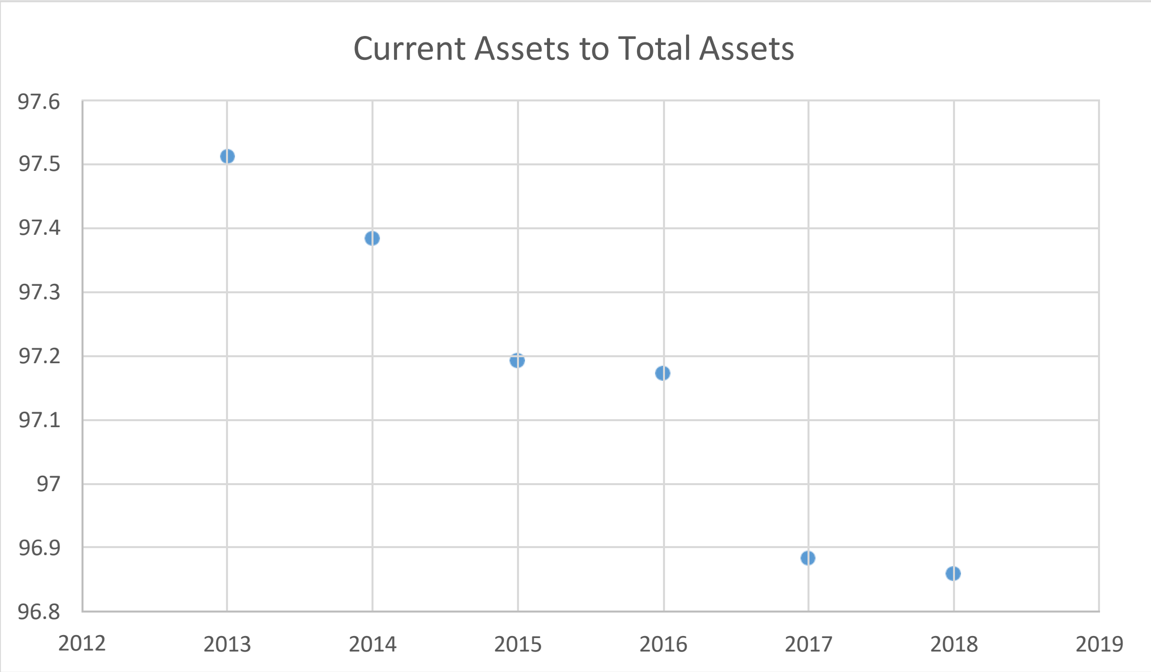

Fig: Current Assets to Total Assets from 2013 to 2018

On normal, current resources of Unitrend Limited made up 97.107% of total resources. That's not surprising considering that Unitrend must bargain with all the advertising costs on sake of their clients and they require a lot of short-term credits from distinctive institutions. Current assets as a rate of add up to resources had diminished marginally over the past 6 years. The standard deviation was 0.239 and the coefficient of skewness was -0.187 which implies the current asset to total asset was negatively skewed.

3.3.7 :Financial LeverageAnalysis:

Financial leverage is how much obligation a company uses to purchase resources. Leverage is utilized to extend the return on equity. In any case, an excessive sum of money related use increases the hazard of disappointment, since it gets to be more troublesome to reimburse debt. It is the work of the company to analyze financial leverage in order to decide what blend of debt and equity is right for venture. For the financial leverage analysis of Unitrend Limited, two ratios will be utilized. They will be as follows :

3.3.7.1 : Debt to EquityRatio:

Debt to Equity may be a measurement of how much debt the company has to back its resources relative to its equity. Too high a ratio implies that the company has been forceful in financing its development with debt which is often related with high levels of hazard. The ratio is utilized to assess a company's financial use. The D/E ratio is a vital metric utilized in corporate fund. It is a measure of the degree to which a company is financing its operations through obligation versus wholly-owned funds. More specifically, it reflects the ability of shareholder equity to cover all outstanding obligations within the occasion of a trade downturn. We'll utilize the following equation to calculate debt to equity ratio:

$$\text{Debt to Equity Ratio}=\frac{\boldsymbol{Current\ Liabilities - Non - current\ Liabilities}}{\boldsymbol{Total\ Equity}} \text{X100}$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Debt to Equity	406.570	333.318	307.459	231.573	216.365	205.126	283.402	72.512	0.574

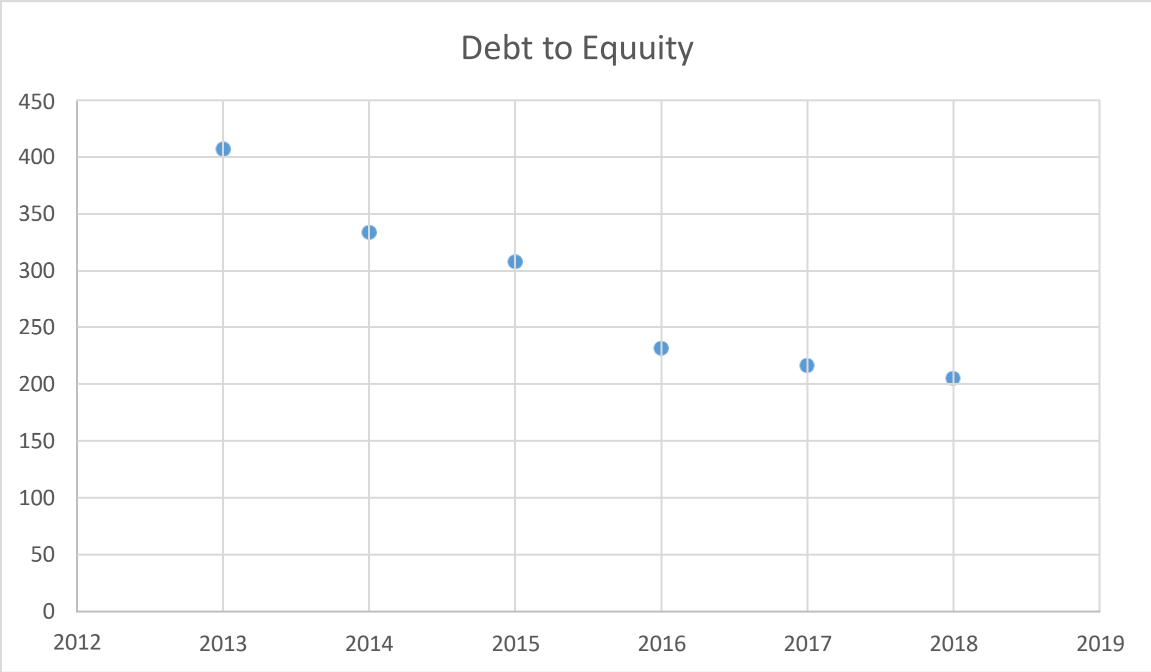

Fig:Debt to Equity from 2013 to 2018

On average, Unitrend Limited used 2.83 times more debt than equity to finance its operations. Debt to equity ratio fell over the past 6 years from 2013 to 2018. It was much higher at 4.06 times in 2013 but it was significantly down to 2.05 times in 2018. The standard deviation was 72.512 and the coefficient of skewness was 0.574 which means the debt to equity was positivelyskewed.

3.3.7.2 : DebtRatio:

The debt ratio could be a financial ratio that measures the degree of a company's leverage. The debt ratio is defined as the ratio of total debt to total assets, communicated as a decimal or rate. It can be translated as the extent of a company's assets that are financed by debt. A ratio more prominent than 1 appears that a significant portion of debt is funded by assets. In other words, the company has more liabilities than assets. A high ratio moreover demonstrates that a company may be putting itself at a chance of default on its advances in case interest rates were to rise all of a sudden. A ratio underneath 1 interprets to the truth that a more noteworthy portion of a company's resources is funded by equity. The debt ratio is additionally referred to as the debt-to-assets ratio. We will use the following formula to calculate debtratio**:**

$$\text{Debt Ratio: } \frac{\boldsymbol{Current\ Liabilities - Non{-}current\ Liabilities}}{\boldsymbol{Total\ Asset}} \text{ X } 100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Debt Ratio	80.259	76.922	75.458	69.841	68.391	67.227	73.016	4.808	0.229

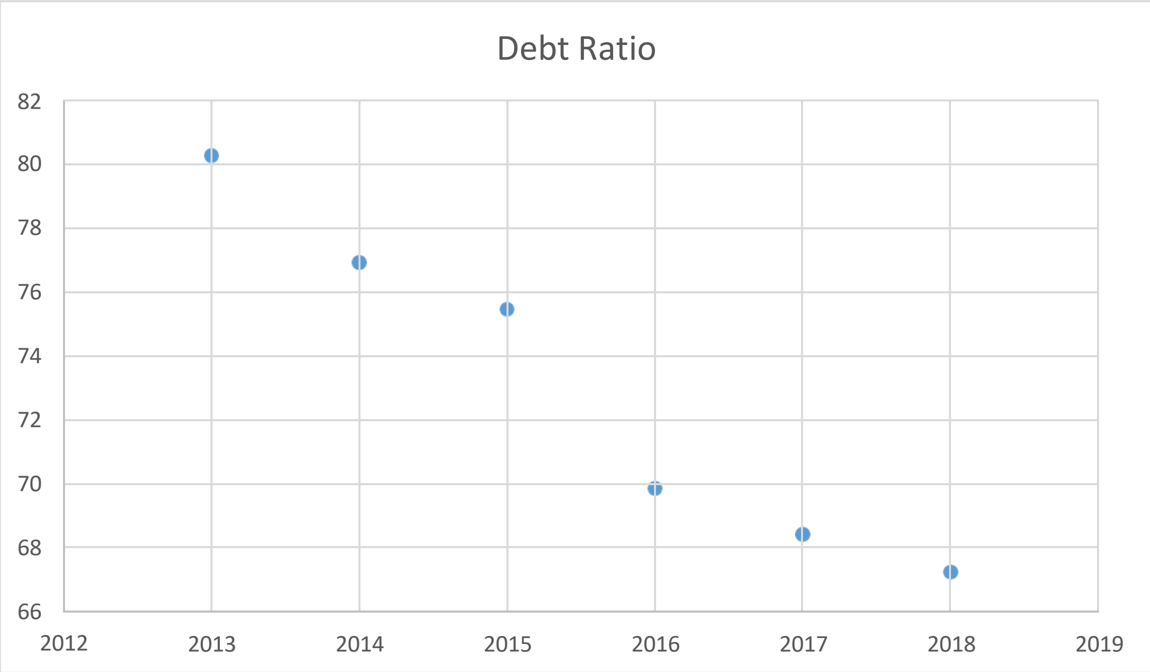

Fig: Debt Ratio from 2013 to 2018

On normal, 73.016% of the company's resources were financed by obligation. Similar to debt to equity ratio, the debt ratio was falling over the past 6 years. In 2013, it was exceptionally high at 80.259% but it has fallen to 67.227% in 2018. The standard deviation was 4.808 and the coefficient of skewness was 0.229 which means the debt proportion was positively skewed. In case of both proportions, it can be seen that Unitrend Limited had kept up excessive debts. This exceptionally reasonable given the truth that they got to give the costs on behalf of their clients when vital. Keeping up excessive debts is regularly considered a terrible thing as it implies that the company will hazard insolvency in the event that it is unable to pay off its obligations and other banks and monetary teach will be disheartened from loaning more cash within the future. In any case, in case of promoting companies like Unitrend Limited, one of their fundamental assignments is getting brief term debt to cover the introductory costs and pay those debts afterward once the income is collected from the clients.

3.3.8 :LiquidityAnalysis

Liquidity could be a measure of a company's capacity to convert its assets to cash and cash equivalents. In other words, it is a measure of the company's ability to meet short-term debts through installment of cash and cash counterparts as they drop due. For the liquidity analysis of Unitrend Limited, we'll use two ratios. They are as follows:

3.3.8.1 :CurrentRatio:

The current ratio may be a liquidity ratio that measures a company's capacity to pay short-term commitments or those due inside one year. It tells investors and analysts how a company can maximize the current resources on its adjust sheet to satisfy its current obligation and other payables. Too low a current ratio suggests low liquidity. The formula we are going use to calculate the current ratio is given below:

$$\text{Current Ratio}=\frac{\textbf{Current Asset}}{\textbf{Current Liability}} \text{ X } 100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Current Ratio	121.497	126.601	128.803	139.134	141.661	144.078	133.629	8.405	-0.121

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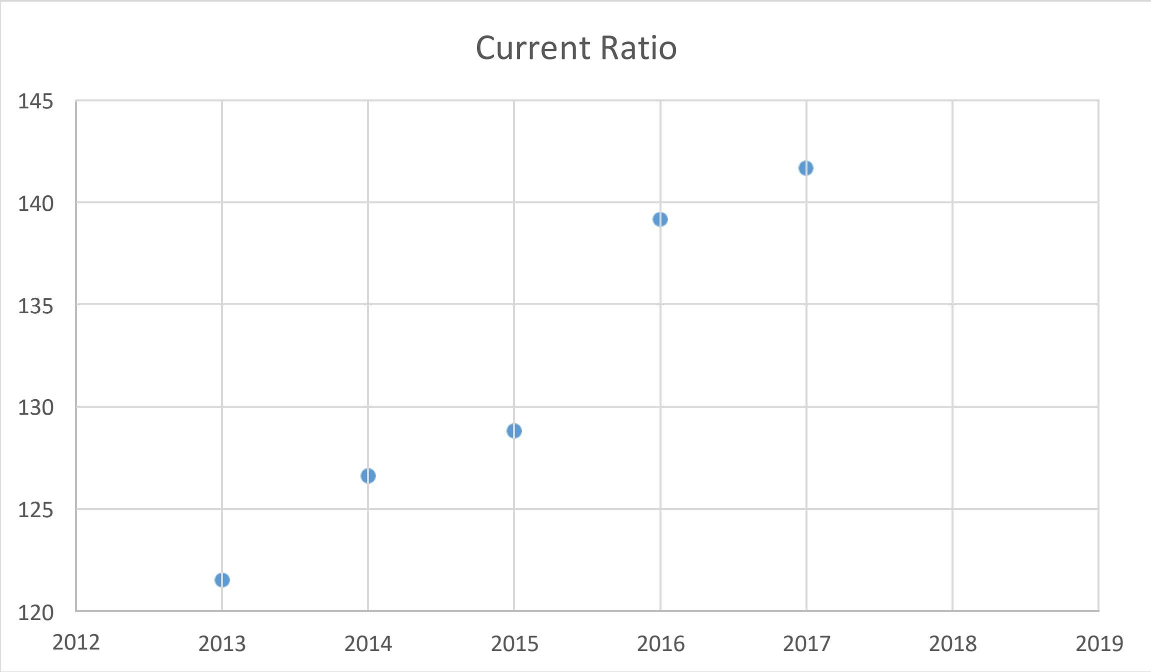

Fig: Current Ratio from 2013 to 2018

On average, Unitrend Limited had 33.629% more current assets than current liabilities. Over the last six years, the ratio had increased steadily from 21.497% in 2013 to 44.078% in 2018. The standard deviation was 8.405 and the coefficient of skewness was -0.121 which means that the current ratio was negatively skewed.

3.3.8.2 : CashRatio:

Cash Ratio could be a more conservative form of current assets ratio which recommends how much cash in hand a company has accessible to pay off current liabilities as they fall due. The cash ratio could be a measurement of a company's liquidity, particularly the proportion of a company's total cash and cash equivalents to its current liabilities. The metric calculates a company's ability to repay its short-term obligation with cash or near-cash resources We will use the following formula to calculate cash ratio:

$$\text{Cash Ratio}=\frac{\textit{Cash and Cash Equivalents}}{\textit{Current Liabilities}} \text{ X } 100$$

Ratio	2013	2014	2015	2016	2017	2018	Average	Standard Deviation	Co-efficient of Skewness
Cash Ratio	3.358	1.228	14.800	3.143	3.121	3.413	4.844	4.515	1.059

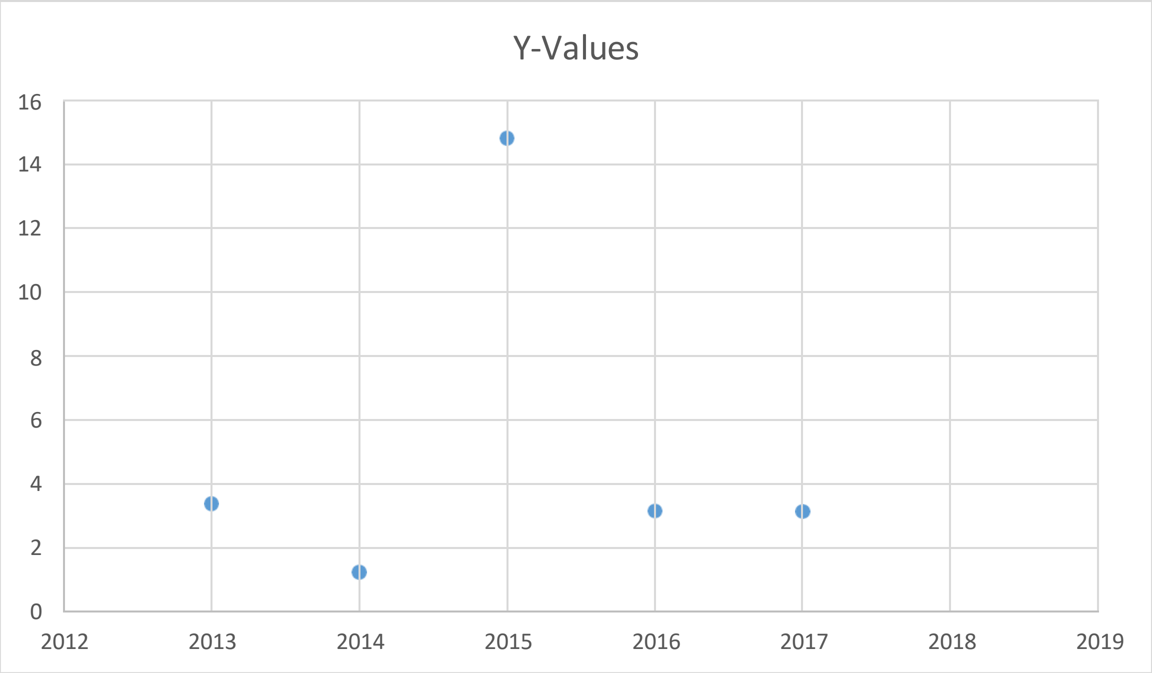

Fig: Cash Ratio from 2013 to 2018

On average, Unitrend Limited had 4.844/- BDT in cash and cash reciprocals for each 100/- BDT of current liabilities. Cash ratio changed a part over the past six years. It rose essentially in 2015 but went down once more in 2016. The standard deviation was 4.515 and the coefficient of skewness was 1.059 which demonstrates that money proportion was positively skewed.

3.3.9 :Findings FromAnalysis:

It was the goal of this report to answer three questions: what is the current market value of Unitrend Limited as a whole, what is the intrinsic value of individual shares of Unitrend Limited and how changes in working capital management affected the profitability of Unitrend Limited We have found the value that investors can use to compare Unitrend Limited with other firms on the market. Also, it will attract a lot of potential investors to invest in the firm as advertising business is so much lucrative nowadays. We have seen that, Unitrend has good growth rate in net income and will be able to generate good amount of free cash flow in the future. However, the risk of investment is higher than a publicly owned company which resulted in high beta. From the free cash flow and weighted average cost of capital, we finally got the market value of Unitrend Limited. We were able to determine the intrinsic value of the share of Unitrend Limited. From their earnings per share, we have found that, it fluctuated over the years but it was relatively good. We considered a similarly operated publicly owned company and converted their P/E ratio for Unitrend to finally determine the intrinsic value of the shares of Unitrend Limited. Some significant findings were observed from the ratio analysis. The financial state of Unitrend Limited seemed to change from 2015 onwards. The profitability ratios of Unitrend Limited showed that the profitability is in downfall. Working capital turnover also decreased over the years. Same scenario for the Current asset to total asset ratio as well. However, Current Ratio increased consistently over the past six years. Therefore, from the ratio analysis, it was hypothesized that the ratios are somehow related to each other. Upon closer inspection involving correlation and regression analyses, it was found that ratios like working capital turnover and current asset to total asset did have an impact upon the profitability ratios of Unitrend Limited. In fact, the fall of working capital turnover resulted in fall of gross profit margin and decrease in current asset to total asset resulted in increase of return on asset from 2013 to 2018

3.4 :Summary andConclusions:

Unitrend Limited is one of pioneers of the advertising industry in Bangladesh. Advertising industry is one of key industries that play significant role in the profitability of other industries such as FMCG, Banking, Telecom etc. Companies that have contribution in this industry are often overlooked by the companies they are working for. In the mass consumer market, most of the people do not have any idea about the advertising companies though those companies are the bridges that connect the consumer and the brand. Almost no analysis or research had been done on this industry so far. Financial Analysis is no exception. There are zero reports regarding the financial performance of the advertising industry in Bangladesh and the companies that are part of this. A lot of companies are entering into the advertising industry because of the market being very lucrative. However, for investors, there are no financial data and analysis available based on advertising industry that they can use for investment decision making or they can use as a benchmark With the help of this report, investors will be able to compare Unitrend Limited with other companies. They will able to compare the market value of this company with companies from other industries or from similar industry. They will also be able to make decision regarding purchasing shares in the company as they now have an idea about the intrinsic value of the shares of Unitrend. Also, the financial performance and working capital management analysis pointed out on the importance of proper working capital management which will help Unitrend to make better financial decisions infuture.

3.5 : Recommendations:

In the report, it was found that working capital turnover had an impact on the profitability ratios like gross profit margin of Unitrend Limited. So, Unitrend Limited can take the following steps in the future:

i. **Maintain a more balanced current asset**: A conservative working capital policy is when a company invests keeping a relatively large amount of working capital in hand which Unitrend is doing right now. Normally, a conservative working capital policy is associated with low profitability in the case of industrial companies as it suggests underinvestment. However, in the case of advertising or service providing companies like Unitrend Limited, it is a good thing as such companies are more dependent on current assets for their investment. However, they need to maintain a more balanced current asset as we can see from our analyses that lower current asset can benefit their profitability and too much high working capital possess a risk of bankruptcy for thecompany.

ii. **Maintain a more controlled investment on non-current assets**: Unitrend Limited is an advertisingcompany. Ithastorelyoncurrentassetsandworkingcapitaltogenerateprofitsas suggested by the relations between working capital turnover and the profitability ratios. It must therefore maintain a healthy ratio between current assets and non-current assets while investing in the latter in order to manage profitability as well as to decently run thebusiness.

iii. **Increase Equity portion of the total investment**: Unitrend Limited has a very high debt to equity ratio. The company is trying to lower the debt ratio in the company and increase the equity portion of the investment. But it is not enough and they should more emphasize on that and try to inject more equity investment in the company. It will result in lower overall risk for the company in future.

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Appendix A:

Statement of Profit and Loss Appropriation of Unitrend Limited

Year	2013	2014	2015	2016	2017	2018
Sales	**542,100,876**	**596,310,964**	**605,893,588**	**666,482,947**	**733,131,241**	**769,787,804**
Other income	**130,000**	**130,000**	**150,000**	**180,000**	**200,000**	**250,000**
Cost of sales	**(452,154,848)**	**(497,370,332)**	**(511,551,083)**	**(566,321,702)**	**(620,723,845)**	**(651,760,037)**
Gross profit	**90,076,028**	**99,070,632**	**94,492,505**	**100,341,245**	**112,607,39**	**118,277,767**
F.D.R Interest Received	**4,032,867**	**2,352,219**	**0**	**0**	**0**	**0**
Total Income	**94,108,895**	**101,422,851**	**94,492,505**	**100,341,245**	**112,607,396**	**118,277,767**
Expenses:						
Administrative Expense	**65,697,302**	**67,937,287**	**64,709,605**	**67,945,085**	**75,893,921**	**79,688,617**
Total operating profit	**28,411,593**	**33,485,564**	**29,782,900**	**32,396,160**	**36,713,475**	**38,589,150**
Financial express	**22,360,943**	**23,507,500**	**20,520,500**	**22,572,550**	**25,958,433**	**27,256,354**

Net profit before tax	**6,050,650**	**9,978,064**	**9,262,400**	**9,823,610**	**10,755,042**	**11,332,796**
Income tax	**(2,268,994)**	**(3,741,774)**	**(3,473,400)**	**(3,683,854)**	**(4,033,141)**	**(3,966,477)**
Net profit after tax	**3,781,656**	**6,236,290**	**5,789,000**	**6,139,756**	**6,721,901**	**7,366,319**
Previous years balance	**50,948,335**	**54,729,991**	**60,966,281**	**66,755,281**	**73,456,248**	**80,178,149**
Appropriate surplus carried forward	**54,729,991**	**60,966,281**	**66,755,281**	**72,895,037**	**80,178,149**	**87,544,468**
Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Fixed Asset	**6,947,071**	**6,955,172**	**7,683,955**	**6,872,255**	**7,945,093**	**8,429,571**
At Cost	**30,747,629**	**32,447,629**	**34,147,629**	**34,147,629**	**36,158,044**	**37,634,044**

Depriciation	**23,800,558**	**25,492,457**	**26,463,674**	**27,275,374**	**28,212,951**	**29,204,473**
Current Assets	**272,325,534**	**258,956,436**	**265,946,511**	**236,154,460**	**246,976,195**	**259,912,283**
Advance,deposit and prepayments	**26,487,737**	**28,487,737**	**29,317,645**	**29,647,938**	**31,666,054**	**33,393,180**
Trade debtors	**75,869,983**	**47,950,443**	**49,058,730**	**52,172,395**	**53,112,001**	**55,767,605**
Short term loan paid	**58,887,642**	**58,887,642**	**60,339,466**	**65,729,138**	**69,015,595**	**72,466,376**
Cash and bank balances	**7,526,419**	**2,511,070**	**30,557,646**	**5,335,155**	**5,441,858**	**6,157,400**
Fixed deposit	**36,803,753**	**24,146,627**				
Not billed to client	**66,750,000**	**96,972,917**	**96,673,024**	**83,269,834**	**87,740,687**	**92,127,722**
Total Asset	**279,272,605**	**265,911,608**	**273,630,466**	**243,026,715**	**254,921,288**	**268,341,854**
Current liabilities	**224,142,513**	**204,545,227**	**206,475,085**	**169,731,578**	**174,343,039**	**180,397,286**

Short term loan from bank	**127,766,954**	**105,343,978**	**100,670,974**	**56,848,062**	**57,985,023**	**59,144,724**
Short term loan from director	**127,766,954**	**105,343,978**	**100,670,974**	**56,848,062**	**57,985,023**	**59,144,724**
Trade creditors	**91,896,416**	**94,645,706**	**100,705,792**	**106,335,666**	**109,482,773**	**114,033,557**
Liabilities for expenses	**4,479,143**	**4,555,543**	**5,098,319**	**6,547,850**	**6,875,243**	**7,219,005**
Total liabilities	**224,142,513**	**204,545,227**	**206,475,085**	**169,731,578**	**174,343,039**	**180,397,286**
Equity	**55,130,091**	**61,366,381**	**67,155,381**	**73,295,137**	**80,578,249**	**87,944,568**
Share Capital	**400,100**	**400,100**	**400,100**	**400,100**	**400,100**	**400,100**
Profit and loss appropriate balance	**54,729,991**	**60,966,281**	**66,755,281**	**72,895,037**	**80,178,149**	**87,544,468**
Total liabilities and equity	**279,272,604**	**265,911,608**	**273,630,466**	**243,026,715**	**254,921,288**	**268,341,854**

Net current assets	**48,183,021**	**54,411,209**	**59,471,426**	**66,422,882**	**72,633,156**	**79,514,997**