

**Report On
Equity Valuation Method and Other Aspects of Research in
BRAC EPL Stock Brokerage LTD.**

Submitted By

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Student ID: 18104096

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA)

BRAC Business School
Brac University
October 2022

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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, 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:

Abdul Halim

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Associate Professor, BRAC Business School

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Letter of Transmittal

Mr. Mahmudul Haq
Associate Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on **“Equity Valuation Method and Other Aspects of Research in BRAC EPL Stock Brokerage LTD.”**

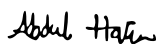
Dear Sir,

It is really a tremendous joy to be able to submit the internship report I produced as part of the Bachelor's degree program requirements at BRAC Business School of BRAC University. As part of my internship, I worked in the Research department at BRAC EPL Stock Brokerage Ltd, which was a fantastic learning opportunity.

I have done my best to clearly define the responsibilities and lessons learned throughout this three-month period, while simultaneously working on a topic. I selected this topic based on your recommendation, and I want to effectively demonstrate my learning.

I would want to take this time to express my appreciation for all the assistance and advice you've provided, which I expect to continue receiving in the future.

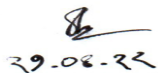
Sincerely yours,



Abdul Halim
Student ID: 18104096
BRAC Business School
BRAC University
Date: 6th October, 2022

Non-Disclosure Agreement

This agreement is made and entered into by and between BRAC EPL Stock Brokerage LTD. and the undersigned student at BRAC University, Abdul Halim of avoiding and not including any kind of confidential data of the organization.



Handwritten signature and date: 29.08.22

Salim Afzal Shawon, CFA
Head of Research,
BRAC EPL Stock Brokerage Ltd.

Acknowledgement

Completing this report would not have been possible without the assistance and support of my internship supervisor, Mr. Salim Afzal Shawon, CFA. I would also like to thank him for granting me access to the materials necessary to complete this report and enhance my experience.

In addition, I would like to express my deepest appreciation to my colleagues Ms. Anika Mafiz, Mr. Fahim Hassan, Mr. Billal Hossain, Md. Tanvir Ahmed, and Mr. Hossain Zaman Towhidi Khan. Working with them has been one of my most memorable experiences since they have consistently provided me with vital support and advice to ensure I understand my tasks and the topic.

Finally, I would like to express my gratitude to Mr. Mahmudul Haq, my faculty supervisor for the internship, for consistently giving me the necessary guidance and insights. His unwavering support was important in the report's development.

Executive Summary

The role of stock representatives has evolved significantly during the past few decades. Today, brokerage houses are not only here to buy or sell stocks for their clients. They also play a more significant part in assisting throughout the venture process, from providing a research-based overview, stock advice, asset investment assistance, and trading on their behalf. As an intern at the Research Department at BESL, the preliminary report I've written is based on a partial image of BRAC EPL Stock Brokerage Ltd.'s valuation methods preferences. In addition, I have covered BRAC EPL Stock Brokerage Limited and its subsidiaries, as well as my three-month internship at research. In addition, I have attempted to compare BESL's growth strategy to those of other financial portals.

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List of Acronyms

BESL	BRAC EPL Stock Brokerage Limited
DSE	Dhaka Stock Exchange
NRBs	Non-Resident Bangladeshis
NITA	Non-Resident Investor's Taka Account
CDBL	Central Depository Bangladesh Limited
EFTN	Electronic Fund Transfer Network
BFTN	Bangladesh Electronic Fund Transfer Network
RTGS	Real Time Gross Settlement
SME	Small and medium-sized enterprises
CSE	Chittagong Stock Exchange
FDI	Foreign Direct Investment
FDR	Fixed Deposit Receipt
ROA	Return on Asset
ROE	Return on Equity
SWOT	Strengths, Weaknesses, Opportunities, and Threats
NWC	Net Working Capital
DDM	Dividend Discount Model
FCFF	Free Cash Flow to the Firm
FCFE	Free Cash Flow to the Equity
EBLSL	EBL Securities Limited.
LBSL	LankaBangla Securities Limited
DCF	Discounted Cash Flow

Glossary

Non-Banking Financial Institution: NBFIs are financial institutions that lack a full banking license and must conduct their transactions through conventional banks.

Portfolio: A portfolio consists of financial investments such as stocks, commodities, cash, and cash equivalents, bonds, as well as closed-end funds and exchange-traded funds (ETFs).

Dematerialisation: Dematerialization is the process of converting physical certificates to electronic form.

Rematerialisation: Rematerialization is the process by which electronic instruments are transformed into physical certificates at the request of account holders.

Net Asset Value (NAV): Net Asset Value indicates the unit price of a fund at a certain period.

Earnings per Share (EPS): EPS refers to the profit earned for each unit of business stock owned.

Chapter 1

Overview of Internship

1.1 Student Information

Name: Abdul Halim

ID: 18104096

Program: Bachelor of Business Administration

Major/Specialization: Finance

1.2 Internship Information

1.2.1 Company Information

Tenure: June 1, 2022 to August 30, 2022. A total tenure of 3 months.

Company Name: BRAC EPL Stock Brokerage Limited.

Department: Research.

Address of the company: Symphony (3rd Floor) SE (F) -9, Road No. - 142, Gulshan Avenue, Dhaka- Bangladesh.

1.2.2 On-site Supervisor's Information

Name: SALIM AFZAL SHAWON, CFA

Designation: Head of Research.

1.2.3 Job Scope

As an intern I was assigned with the following job responsibilities:

1. Prepared daily and weekly reports on Dhaka Stock Exchange and Macro Economic Indicators.
2. Prepared daily news snippets on the financial sector and economy as a whole for clients.
3. Prepared Investment and IPO notes.
4. Performed valuations on public equity.
5. Maintained database of shareholding structures and earnings updates of listed firms.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

As an intern, I made the following contributions to the organization: During our bachelor's program, we were mainly forced to study through theoretical tactics; nevertheless, the internship introduced us to real-world corporate culture. My work duties included gathering and evaluating daily news, sending the information, and monitoring market updates such as the DSE market index, DSE Index points, etc., by generating the Daily Market Update. Research associates receive daily updates on Record Dates, Board Meetings, AGM/EGM, and Technical Chart information. Occasionally, I was needed to produce one-page summaries of a few firms, calculate revenue growth, and provide analysis based on a few corporate changes. In addition, I assisted my coworkers with data entry and verification while they prepared reports.

1.3.2 Benefits to the student

Throughout the duration of my internship, I learned and gained valuable experience. Indeed, it was rather distinct from the academic setting I was accustomed to. Throughout the three months, I reaped considerable benefits from my internship experience. Important lessons include the following:

1. Being exposed to the corporate environment:

My exposure to the corporate sector was limited during my four years as a student. Nonetheless, the internship experience allowed me to adapt to that environment and prepared me for the arduous corporate labor. It was initially difficult for me to dress adequately for the 9 a.m. to 5:30 p.m. workday. Due to the nature of my responsibilities, I had to leave the office late on occasion. However, as time passed, I regained control of the situation and thrived in my duties.

2. Understanding the procedures of brokerage house:

University studies make it impossible to comprehend the activities of a brokerage firm. Due to our lack of professional experience in an brokerage firm, our academic understanding of investing was rather restricted. But the internship allowed me to observe how a brokerage house operates within the framework of our country. The economic scope of these financial institutions in Bangladesh is fairly expansive. I also had the opportunity to study how multiple departments of Securities, each of which has a significant impact on the organization's success, interacted to ensure that BRAC EPL Stock Brokerage Limited ran as efficiently as possible.

3. Learning corporate etiquettes and communication:

As an intern, I was required to maintain frequent internal and external communication with the organization. As a result of the nature of the work, I got the chance to meet a number of prominent industry experts. All of my interactions with clients and industry experts have taught me valuable business etiquette and communication skills that will serve me well throughout the rest of my career.

4. Understanding the nature of Bangladesh's economy:

Being around key personnel of the corporation enabled me to comprehend how any change in regulation impacted the organization and how it dealt with all the alterations. Throughout my internship, Bangladesh Bank made some changes in regulatory. Thereupon, BESL had to go through rigorous decision making process on how to operate various financial products they had offered, which would be

affected due to the changes in the regulation. In addition, the devaluation of BDT occurred during throughout my internship. This terrible circumstance compelled the organization to make tough decisions regarding how to confront the problems the economy will present. All of these experiences have provided me with a profound insight of how the economy of Bangladesh functions and how businesses often respond to the large and continual changes in the economy.

1.3.3 Difficulties faced during Internship

During my internship, I encountered some obstacles. The following are:

1. The department's file space is woefully insufficient. As a result, I had to devote a significant amount of effort to locating previously finished files that needed moderation.
2. Even though I like BRAC EPL Stock Brokerage Limited's open office idea, I believe that space congestion has proven to be a concern.

Due to the warmth and helpfulness of every BRAC EPL Stock Brokerage Limited staff, it would be impossible to deny the insignificance of these two difficulties. My teammates' continual interest in my education and well-being made my internship a thrilling experience.

1.3.4 Recommendations

Since I could not have asked for a better experience than the one offered by BRAC EPL Stock Brokerage Limited, it isn't easy to endorse them. Nonetheless, there are a few things I'd like to add that may require oversight.

1. **Orientation for Interns:** An orientation program would assist freshly hired interns in settling into the firm more quickly and gaining a general idea of the organization before starting their employment. It may facilitate a sense of belonging and direction.
2. **Comprehensive Internship Selection Procedure:** BRAC EPL Stock Brokerage Limited has a reputation for hiring interns full-time after the internship period; therefore, they should be more when selecting interns. They may utilize this procedure to choose prospective candidates who will complete all responsibilities and

be ready to launch a career with BRAC EPL Stock Brokerage Limited immediately following their internship.

- 3. Attempting to enhance the sitting capacity of the office:** Lack of seating capacity for interns hinders the quality of their work, as they must frequently move their workstations. It might be resolved by designating a specific work area for the interns, allowing them to do their duties efficiently.

Chapter 2

Organization Part: Overview, Operations, and a Strategic Analysis

2.1 Introduction

2.1.1 Objective

This chapter's purpose is to undertake a strategic study of the entire organization. It includes information about the company as well as information about the policies and procedures of critical departments.

2.1.2 Methodology

Primary and secondary data are collected to undertake a strategic analysis of the organization.

1. Primary Data: The workforce and the leadership of the numerous divisions were the key sources of data. I inquired about their methods and policies from the respective department, to which they supplied consolidated data, which assisted me in performing the strategic analysis.

2. Secondary Data: I consulted the 2020 Annual Report of the BRAC EPL Stock Brokerage LTD. for secondary data gathering, published in 2021. I have also employed BRAC EPL Stock Brokerage Limited's official website as another secondary data source.

2.1.3 Scope of the Analysis

During the entirety of my internship, I conducted the analysis. I have read the manuals of many departments to gain a thorough understanding of their procedures. When specific data was unavailable, I was required to obtain information through oral dialogue with employees.

2.1.4 Limitations

As an intern, I was restricted in my access to departmental information. Due to company policy, I could not learn about the distinctive company procedures that offered BRAC EPL Stock Brokerage Limited a competitive advantage.

2.1.5 Significance

Customers and industry experts regard BRAC EPL Stock Brokerage Limited as one of the leading brokerage firms in the country. As a pioneer in the field, this strategic study will provide an overview of their successful business strategy that may serve as a model for aspiring brokerage firms across the nation. This study will also serve as a foundation for this report by providing an in-depth knowledge of the company's values and how the topic of this report matches with the company's practices.

2.2 Overview of the Company

2.2.1 Introduction

As of 2021, BRAC EPL Stock Brokerage Limited (BESL) is Bangladesh's sixth most significant stock brokerage business, with a 2.8% market share. The segment of the DSE In addition, BESL holds a market share of roughly 55% in the international portfolio investment execution segment. It offers brokerage services to its more than 20,000 customers. Eight branches and 106 staff service clients comprising local institutions, non-resident Bangladeshis (NRBs), retail consumers, and sixty overseas institutional customers. BESL's net profit in 2021 was BDT 257,93 million, compared to BDT 161,31 million in 2020.

2.2.2 Vision, Mission and Core Values

BESL has a Vision, Mission, and Values congruent with these objectives, as it strives to revolutionize the financial industry of Bangladesh to have a long-lasting impact on the economy of Bangladesh.

2.2.2.1 Vision

To be the broker of choice for all investors by providing unmatched investment expertise and customer service.

2.2.2.2 Mission

We seek to establish a sustainable growth plan that will lead us to market dominance by utilizing cutting-edge technology and providing outstanding customer service. We intend to create a highly recognizable brand by cultivating a vast talent pool and group synergy.

2.2.2.3 Core Values

BESL has 4 core values that it focuses on.

- Teamwork
- Innovation
- Integrity
- Customer Focus

2.2.3 Products and Services of the company

BESL offers comprehensive capital markets investing solutions. While brokerage firm is commonly viewed as an execution-only industry, they feel they owe their valued clients much more. They have assembled a dynamic team of traders, relationship managers, and analysts to provide clients with comprehensive, customized services.

1. Equity:

- i) Beneficiary Accounts (BO) are opened for people.
- ii) Providing margin lending
- iii) Trading for domestic and foreign institutional investors
- iv) Providing liquidity support, particularly to foreign institutional investors
- v) Helping to develop and implement an investment plan
- vi) Providing financial counseling services for corporations
- vii) Facilitating investment by Bangladeshi Non-Residents (NRBs)

2. **BESL PROBASHI BINIYOG:** Probashi Biniyog allows Non-Resident Bangladeshis (NRBs) to participate in the Bangladeshi Capital Market via a Beneficiary Owner's (BO) account funded by a Non-Resident Investor's Taka Account (NITA). BO and NITA accounts would be kept with BRAC Bank Limited.

- i) NRBs can invest from anywhere around the globe in the Bangladeshi Capital Market.
- ii) Utilize BRAC EPL Stock Brokerage Limited to execute purchases and sales of clients chosen stocks.
- iii) One hundred percent repatriation of money, dividends, and investment gains

- iv) BRAC Bank Limited enables NRBs to apply for IPOs and purchase and sell shares on the Secondary Market. They may send trading orders to BRAC Bank Limited through email, fax, or telephone.
- 3. Full DP Service from BESL:** BRAC EPL Stock Brokerage Limited is a Full-service participant at Central Depository Bangladesh Limited (CDBL) and offers all required services. The following are the services:
- i) Dematerialisation
 - ii) Rematerialisation
 - iii) Transfer
 - iv) Transmission
 - v) Pledge
 - vi) Unpledged
 - vii) Alteration of Ownership
- 4. EFT/BFTN/RTGS:** BRAC EPL Stock Brokerage Limited provides investors with the quickest and most convenient means of transferring funds.
- 5. BESL SMS Service:** BRAC EPL Stock Brokerage Limited provides their Investors with the following SMS Notification.
- i) Notification of Buy-Sell Transactions
 - ii) Reports of Deposit and Withdrawal
- 6. Research Service:** BRAC EPL Stock Brokerage Limited publishes reports on various aspects of economy that can impact the market significantly, which helps investors to decide on their investments. Following are the topics that the research team focuses on.
- i) Economy & Strategy
 - ii) Company & Sector
 - iii) Customized Research
 - iv) Proprietary Market Research
 - v) Research Advisory

7. **BESL Email Service:** BESL sends daily and weekly reports of the DSE market to their clients, making it easy for them to know what is going on in the stock market at a glance. Following are the reports that have been sent through emails to their clients.

- i) Daily DSE Market and SME Update
- ii) Daily Portfolio
- iii) Weekly Reports on DSE market
- iv) Weekly Reports on Mutual Fund

2.3 Management Practices

BRAC EPL Stock Brokerage Limited has a diversified management team and HR team that consistently excels at their work to move the company toward its objective. The BESL team is divided in a manner that strikes a compromise between efficiency and effectiveness innovation. The company's management is continually looking for effective solutions to the problem concerns with the country's dynamic market. Additionally, they stress delivering novel solutions to meet the ever-changing market's needs.

2.3.1 Organogram

Figure 1 shows the organogram of BRAC EPL Stock Brokerage Limited

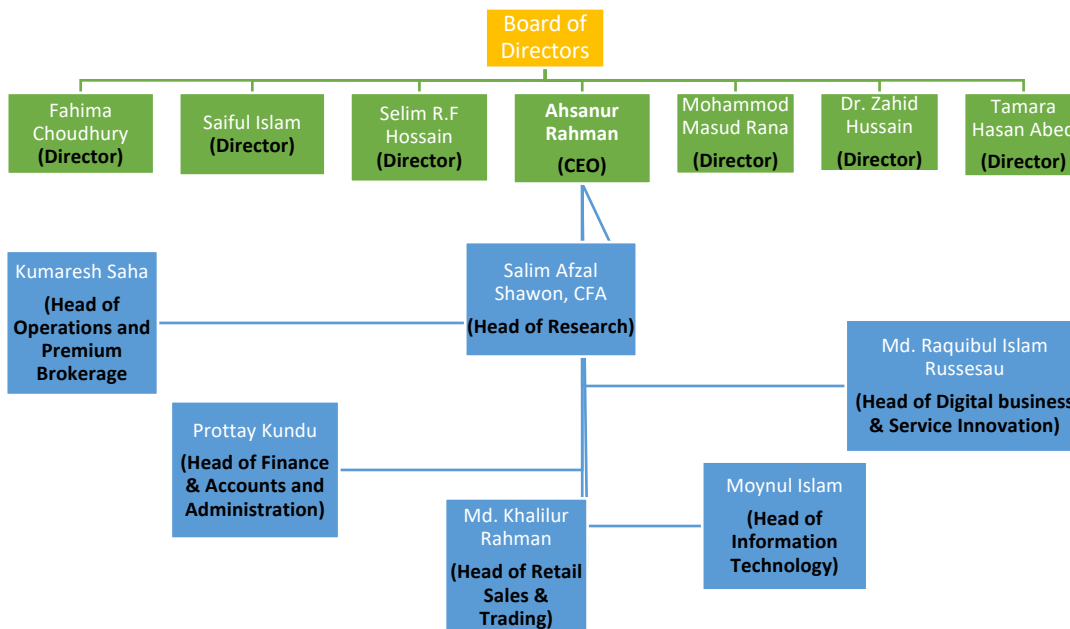


Figure 1: BRAC EPL Stock Brokerage Limited

2.3.2 HR Approach

Here are some of BRAC EPL Stock Brokerage Limited's most crucial HR strategies:

- Enhancing staff diversity to generate innovation and originality
- Develop a culture of lifelong education through job rotation and training.
- Integrate corporate ideals into the workforce through team building.
- Focusing on talent acquisition and succession planning to guarantee long-term success

2.3.3 Outcomes of HR Approach

The organization has a shallow employee turnover rate due to its innovative approach to human resources. BRAC EPL Stock Brokerage Limited strives to foster a feeling of community among its workers via the organization of many training sessions and social gatherings. Their strategy has been influential throughout the years.

2.3.4 Key Highlights

BESL continually seeks to encourage its staff to perform at a high level by providing them various remuneration and prizes. Here are their names:

- According to International Finance Publication, the best Brokerage House and Best Research House in Bangladesh in 2019.
- More than 40 reverse roadshows have been organized during the past five years.
- BESL organized the nation's first roadshow in the United States, Singapore, and Hong Kong.

2.4 Marketing Practices

BRAC EPL Stock Brokerage Limited has a dynamic and purposeful marketing department that is prospering in the current market environment to establish BESL as one of the country's most well-known and trustworthy financial institutions. The marketing team will continuously deliver answers to the organization's intense marketing demands, emphasizing its current marketing strategies.

2.4.1 Marketing Approach

Here are many of BRAC EPL Stock Brokerage Limited's primary marketing strategies:

- a) Concentrating on market communication that is inexpensive but yields high returns
- b) Promoting innovative strategic products by way of premier events

- c) Recruiting creative and innovative people who will add value and strengthen market strategies
- d) Enhancing customer relationship management and business intelligence to develop customer-focused business solutions

2.4.2 Outcomes

Due to its unique marketing methods, BESL has received several distinctions. Here are a few examples:

- a) Corporate Access leader in Bangladesh, with the most roadshows and reverse roadshows organized in the country.
- b) Best Brokerage House and Best Research House in Bangladesh 2019 according to International Finance Publication.
- c) BESL organized the nation's first roadshow in the Singapore, Hong Kong, and United States.

2.4.3 Key Highlights

Recently, BESL has tried to communicate and attract potential clients through various posts on Facebook and LinkedIn. They did not have an excellent social media presence before, but they have 9,000 followers now, even though last year they had only 3,000 followers.

2.5 Financial Performance & Accounting Practices

2.5.1 Financial Performance of BRAC EPL Stock Brokerage Limited

Two tables display the financial performance of BRAC EPL Stock Brokerage Limited. Table 1 displays the Income Statement of BRAC EPL Stock Brokerage Limited from the year 2017 to December 31, 2021, while Table 2 displays the Balance Sheet for the same period till December 2021. Both tables contain data from previous years to provide a year-to-year comparison.

A comparison of the company's financial performance:

Income Statement	2017	2018	2019	2020	2021
Service Revenue	564,786,185	494,467,299	405,957,075	397,427,089	714,041,853
Direct expenses	-138,379,466	-142,597,238	-114,295,586	-108,092,052	-164,509,239
Gross profit	426,406,719	351,870,061	291,661,489	289,335,037	549,532,614
Operating expenses	-259,974,716	-230,818,822	-214,190,050	-190,316,934	-203,340,424
Operating profit	166,432,003	121,051,239	77,471,439	99,018,103	346,192,190
Investment income		-29,553,646	-109,522,344	116,139,848	29,763,280

Other income	-	2,546,214	1,582,429	-82,515	15,175
Finance income	134,369,150	14,322,385	15,533,472	18,068,819	11,136,669
Finance expenses	-6,192,929	-6,798,071	-6,965,225	-9,166,969	-7,695,207
Share of profit of equity in associate company	150,959	143,389	1,261,492	-	-
Profit before tax	294,759,183	101,711,510	-20,638,737	223,977,286	379,412,107
Income tax expenses	-90,035,120	-77,747,958	-64,354,732	-62,663,943	-121,486,176
Net profit after tax	204,724,063	23,963,552	-84,993,469	161,313,343	257,925,931

Table 1: Income Statement of BESL

Balance Sheet	2017	2018	2019	2020	2021
Non-current assets					
Property, plant and equipment	33,875,497	37,681,920	32,922,084	22,874,434	21,627,263
Intangible assets	327,202	922,688	579,473	177,110	765,648
Right of use asset	-	-	60,654,198	22,429,091	68,906,307
Membership at cost	11,027,750	-	-	-	-
Investment in associate company	15,081,120	15,224,510	-	-	-
Deferred tax assets	-	-	-	-	9,252,825
Investment in DSE & CSE	46,009,744	96,986,595	96,986,595	96,986,595	96,986,595
Total non-current assets	106,321,313	150,815,713	191,142,350	142,467,230	197,538,638
Current assets					
Investment in shares	509,704,480	543,827,302	455,931,066	406,964,550	415,104,230
Account receivables	1,617,291,759	151,190,669	174,093,546	185,364,830	57,632,461
Inter-company receivables	22,698,404	777,356	1,243,915	885,957	-
Margin loan receivables	141,341,986	170,693,561	90,168,705	162,686,891	268,435,995
Advances, deposits and prepayments	396,249,856	489,621,906	541,541,544	15,402,064	20,826,988
Other receivables	4,458,576	1,050,428	1,223,184	1,534,916	3,435,361

Investment in FDRs	128,977,967	62,787,880	-	-	-
Cash and cash equivalents	174,475,837	446,355,701	531,288,623	1,104,663,892	1,462,583,457
Total current assets	2,995,198,865	1,866,304,803	1,795,490,583	1,877,503,100	2,228,018,492
Total assets	3,101,520,178	2,017,120,516	1,986,632,933	2,019,970,330	2,425,557,130
Equity and liabilities					
Shareholder's equity					
Share capital	700,953,800	700,953,800	700,953,800	700,953,800	841,144,600
Retained earnings	232,929,645	256,893,198	171,899,728	333,213,071	450,948,202
Revaluation reserve for TREC license	-	87,688,970	87,688,970	87,688,970	87,688,970
Total equity	933,883,445	1,045,535,968	960,542,498	1,121,855,841	1,379,781,772
Non-current liabilities					
Lease Liability	-	-	31,225,469	7,850,139	59,531,199
Defined benefit obligations	2,392,592	-	-	-	-
Total Non-current liabilities	2,392,592	0	31,225,469	7,850,139	59,531,199
Current liabilities					
Account payables	1,649,696,268	440,068,033	22,519,557	806,745,322	881,544,714
Lease Liability-current portion	-	-	1,505,700	14,504,475	11,905,599
Payable to clients	-	-	381,094,036	-	-
Investment suspense account	46,009,744	-	-	-	-
Inter-company payables	2,085,090	571,612	186,656	318,029	-
Liability for expenses	74,110,350	59,854,256	54,113,637	53,010,789	58,780,135
Provision for income tax	393,342,689	471,090,647	535,445,379	15,685,735	34,013,711

Total current liabilities	2,165,244,141	971,584,548	994,864,965	890,264,350	986,244,159
Total liabilities	2,167,636,733	971,584,548	1,026,090,434	898,114,489	1,045,775,358
Total equity and liabilities	3,101,520,178	2,017,120,516	1,986,632,932	2,019,970,330	2,425,557,130

Table 2: Balance Sheet of BESL

2.5.2 Accounting Practices of BRAC EPL Stock Brokerage Limited

The Internal Audit Committee of BRAC EPL Stock Brokerage Limited has guaranteed compliance with corporate governance rules with respect to financial recording procedures and principles. The Internal Audit Committee of BESL, which diligently tries to limit risks in the extremely turbulent financial market of the country.

2.6 Operations Management and Information System Approaches

The robust IT infrastructure of BRAC EPL Stock Brokerage Limited enables the organization to give novel digital solutions to the market. Strong IT infrastructure and efficient Operations Management enable BESL to excel in the industry.

2.6.1 Key Approaches

Here are some of the company's Operations Management and Information System's most important approaches:

- a) Increasing BRAC EPL Stock Brokerage Limited's footprint in the country's major vital regions.
- b) Optimizing the company's procedures by establishing a solid infrastructure
- c) Decentralizing processes to increase productivity.

2.7 Industry and Competitive Analysis

In addition to BRAC EPL Stock Brokerage Limited, I have selected two stock brokerage houses for the industry analysis: Lanka Bangla Securities Ltd., and EBL Securities Limited. I will compare the 2020 and 2021 financials of these three companies to gain an understanding of the business and general impression of BRAC EPL Stock Brokerage Limited's position in this competitive market.

Two brokerage houses were selected based on profitability and market recognition.

According to their respective 2021 annual reports, the yearly profit of Lanka Bangla

Securities Limited was BDT 519 million, while the annual profit of EBL Securities Limited was BDT 388 million.

I will compare the following two critical ratios:

1. **Return on Assets (ROA):** The return on total assets, often known as the return on investment (ROI), assesses the efficiency with which management generates profits with its available assets. The more an organization's total assets, the better.

$$ROA = \text{Net profit} / \text{Total Assets}$$
2. **Return on Equity (ROE):** The return on total equity evaluates the return earned on the investment of common stockholders. The greater this return, the better off the owners are typically. Return on equity is computed as follows: ROE equals Net Profit divided by Total Common Stockholders' Equity.

In addition to the aforementioned information, I have produced a SWOT analysis of BRAC EPL Stock Brokerage Limited.

2.7.1 ROA Analysis

The following table presents a comparison of ROA for the years 2020 and 2021 between BRAC EPL Stock Brokerage Limited, Lanka Bangla Securities Limited, and EBL Securities Limited.

Year	BESL	LBSL	EBLSL
2020	7.99%	1.39%	0.28%
2021	10.63%	6.09%	5.04%

Table shows how BESL holds its superior position and did not vary from the previous year whereas other companies showed significant deviations.

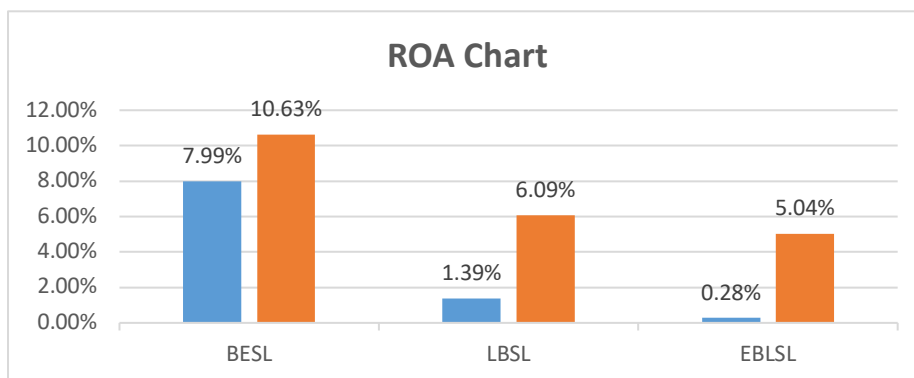


Figure 2: ROA Chart of BESL

2.7.2 ROE Analysis

The following table presents a comparison of ROE for the years 2020 and 2021 between BRAC EPL Stock Brokerage Limited, Lanka Bangla Securities Limited, and EBL Securities Limited.

Year	BESL	LBSL	EBLSL
2020	14.38%	3.00%	0.89%
2021	18.69%	13.86%	18.03%

Table shows how BRAC EPL Stock Brokerage Limited has increased its ROE from the previous year and stands closely with EBL Securities Limited.

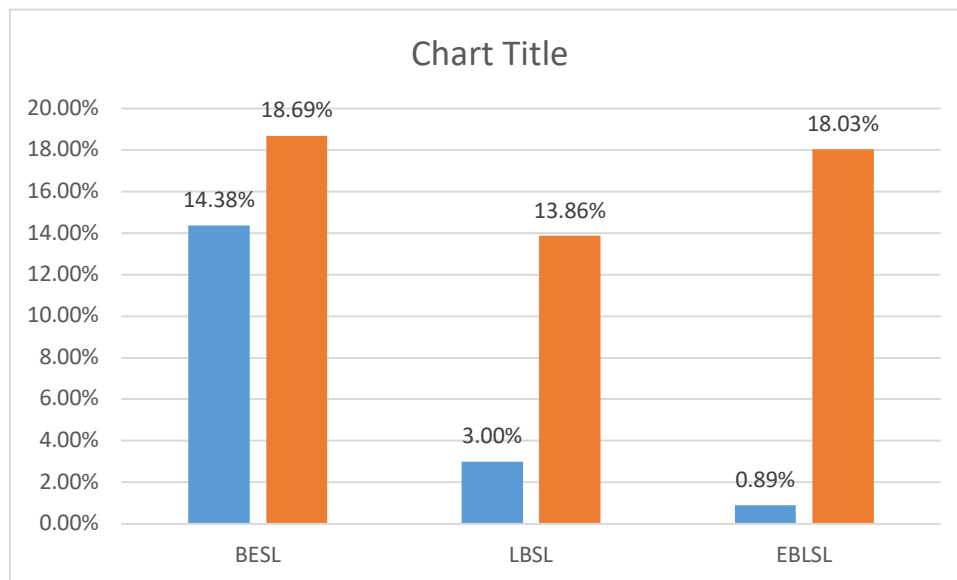


Figure 3: ROE Chart of BESL

2.7.3 SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunity and Threats. Figure shows the SWOT analysis of BRAC EPL Stock Brokerage Limited. Every business has certain strengths, weaknesses, opportunities, and threats, and BRAC EPL Stock Brokerage Limited is no different. The company has some strengths and opportunities, as well as some weaknesses and threats. Although strengths and weaknesses are internal elements, a company's strengths and weaknesses can be increased and decreased by implementing various tactics. On the other side, an organization's external environment presents both opportunities and challenges. Though the corporation has no part in addressing these threats or producing opportunity, it has the opportunity to recognize that the opportunity stems from external factors and to take defensive measures to limit the threats.

Strength:

- BRAC EPL Stock Brokerage Limited's personnel are professional and knowledgeable.
- Realize BRAC Bank's repute as a wholly-owned subsidiary of BRAC Bank.
- Complex instruments and financial analyses.
- Operating system with several components.

Weakness:

- Very few number of branches
- Lack of manpower
- Inadequate marketing effort

Opportunity:

- Increase the amount of trade by attracting remittance earners.
- Possessing the potential to increase market share.
- Provide the service for online trade.

Threat:

- Low turnover on the Bangladeshi capital market.
- Bangladesh's political and social instability
- Existing and upcoming broker houses with alluring amenities on the market.
- Frequent uncoordinated policy formulation by many regulatory organizations.

2.7.4 Overall Assessment

Based on the comparison of ROA, ROE, and SWOT Analysis, we can conclude that BESL has a good industry position with the ability to consolidate it in the near future.

2.8 Summary and Conclusions

2.8.1 Summary

This chapter provides a summary and overview of the company's general organizational structure. From its founding in 2000 to the present day, BRAC EPL Stock Brokerage Limited has efficiently operated as one of the market leaders in the brokerage business. The BRAC EPL Stock Brokerage Limited's business strategy is sustainable due to the innovative and consistent approaches of the organization's various major departments.

2.8.2 Conclusion

In conclusion, I believe that aspiring financial organizations in the country should model themselves after BESL. Despite the obstacles presented by Bangladesh's economy, all of the nation's financial institutions should be motivated by BRAC EPL Stock Brokerage Limited's unwavering commitment to innovation and efficiency.

2.9 Recommendations

After completing a strategic analysis of the organization, I provide the following suggestions:

1. Having a greater presence within the student body:

Students and younger generations lack adequate understanding of investing. Since students make up the majority of the younger generation, BRAC EPL Stock Brokerage Limited should take greater steps to inform students about their existence. It will not only enhance the likelihood of producing more business once the students become potential customers, but it will also entice intelligent individuals to join their organization and propel it to unrestricted growth.

2. Individualizing the competence of each branch:

In the existing arrangement, other branches mostly dependent on head office. They look to the headquarters for financial analysis and other crucial matters. It takes significantly more time. If BRAC EPL Stock Brokerage Limited takes steps to make each branch capable of performing all client-related financial analysis and paperwork independently, the system would operate at a significantly faster rate.

3. Expanding presence in locations outside megacities:

BRAC EPL Stock Brokerage Limited has a strategic objective to grow its facilities outside of megacities, and it should immediately implement this approach. It will offer the organization with a competitive advantage.

Additionally, clients from these regions would be able to utilize BESL's services, hence expanding the company's customer base.

Chapter 3

Project Part: Equity Valuation methods and other aspects of Research

3.1 Introduction

3.1.1 Background

3.1.1.1 Introduction to Equity Valuation

Investors must examine equities to determine their worth. By determining a stock's value, investors can compare it to other equities and evaluate if the investment is profitable. To assess if a stock is overvalued, undervalued, or fairly valued on the stock market, investors can also determine a stock's intrinsic value or fair value.

When it comes to determining the fair value of stocks, there are numerous equity valuation methods from which to pick. Investors are frequently perplexed as to which valuation approach to employ and which valuation methodologies to employ.

However, the following are the valuation models that have been used by firms:

1. Free Cash Flow to Firm (FCFF)
2. Dividend Discount Model (DDM)
3. Relative valuation- P/E multiple

1) Free Cash Flow to Firm (FCFF): Free cash flow is the cash flow accessible to the firm's capital providers after all operational expenditures (including taxes), and investments in working capital (e.g., inventory and equipment) have been paid for—cash flow from operating activities fewer capital expenditures.

Capital providers include regular shareholders, bondholders, and occasionally preferred investors.

The name Free Cash Flow is intended to imply that the firm is free to use this cash flow. It has discretion over how to use the free cash flow because this is the cash flow the firm has remaining after paying all operating expenses and required capital expenditure in fixed assets and investment in working capital (current asset minus current liability).

Suppose a firm has cash flow after meeting all current operating expenses and investing in long-term assets and working capital to support every possible profitable project that could increase shareholder wealth. In that case, that cash flow is free, and the firm has complete discretion over how to use it.

- 2) Dividend Discount Model (DDM):** The dividend discount model is a DCF-based valuation model established under the premise that a company's intrinsic value is equivalent to the present value of all future dividends. In general, the dividend discount model provides a straightforward method for calculating the fair value of a stock with minimal input variables. However, the model relies on several assumptions that are difficult to predict. An analyst must anticipate future dividend payments, the growth of dividend payments, and the cost of equity capital, depending on the variation of the dividend discount model. Forecasting these variables is extremely difficult and fraught with substantial forecasting hazards for analysts and investors.

However, this technique can only be utilized with dividend-paying equities. If a corporation does not pay dividends, this strategy will yield no results. Companies that do not pay dividends utilize the Discounted Cash Flow Model.

- 3) Relative valuation- P/E multiple:** A high P/E ratio may indicate that a stock's price is disproportionately high to its earnings and may be overpriced. Similarly, a high P/E ratio might suggest that the firm's profits are anticipated to develop at a higher rate, which is why investors are ready to pay a high price per unit of earnings.

A low P/E ratio, on the other hand, may imply that the current stock price is cheap relative to earnings. Alternately, a low P/E ratio may indicate that the firm's earnings outlook is weak or that the company is experiencing business difficulties, which explains why the market is paying a low price for the stock. A low P/E ratio may also indicate a high level of company risk.

Investors and analysts utilize P/E to make investment decisions.

1. Comparing P/E to the peer group of firms within an industry.
2. Compare the P/E ratio to the average or median P/E ratio for the industry or sector in which the firm operates.
3. Compare P/E to the stock's typical historical P/E number.

If the P/E ratio of the firm is lower than the P/E ratio of peer companies/respective industries or the stock's previous average value of the P/E ratio, then the stock is undervalued. In this situation, investors may consider purchasing the stock.

In BRAC EPL Stock Brokerage Limited, Free Cash Flow to Firm (FCFF) model more preferred. In Bangladesh context, most of the companies do not pay dividends regularly so dividend growth model does not work for most of the companies. Also analysts prepare reports for the company's clients and in most of the cases they want the absolute valuation method, since other methods of valuation remain available in the websites like Bloomberg.

3.1.2 Macroeconomic Factors

This chapter is the first phase of the top-down equity valuation process, offering a macroeconomic overview through the analysis of several key indicators.

3.1.2.1 GDP Growth

The World Economic Outlook predicts that Bangladesh's Real GDP Growth will reach 6.4% in December 2022, showing a considerable rise over the previous figure of 5.0% in December 2021. In December 2024, Bangladesh's Real GDP Growth is anticipated to reach 7.2%. This forecast takes into consideration the economic downturn due to the COVID-19 epidemic.

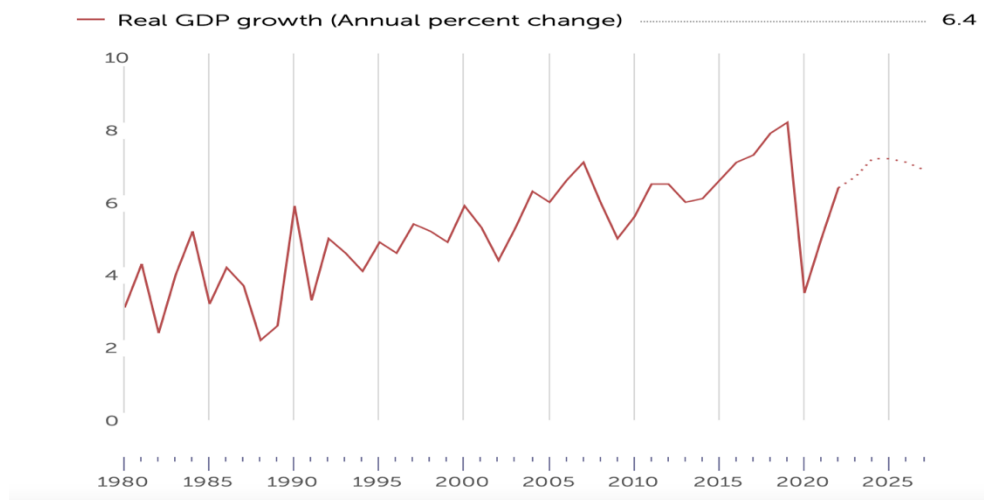


Figure 4: Real GDP Growth

Figure 4 depicts a preliminary estimate of GDP growth over the next several years. In the past decade, the average GDP growth rate for Bangladesh was 6%. Goldman Sachs and JP

Morgan have identified the nation as one of the "Next Eleven" and "Frontier Five" developing economies in the globe, respectively.

The entire market value of food and associated sector output is USD 4.5 billion, and this industry also contributes 2.2% to the nation's overall GDP. Bangladesh exports food to almost 90 countries, including Saudi Arabia, Vietnam, the United States, and the United Arab Emirates.

The local processed food industry would be worth USD 5.8 billion by 2030, according to a forecast by the Foreign Investors Chamber of Commerce and Industry (FICCI), due to the vast potential of Foreign Direct Investment (FDI) and frequent private sector investments in the nation's food sector.

3.1.1.2 Demographic Characteristics

Bangladesh's relatively youthful population, comparable to other industrialized nations, will support a rapid growth rate. Bangladesh has a population of 167 million that is rising at a pace of more than 1 percent, 48 percent of the population is under 25 - both of which are attractive to the expanding market. A young population fuels the expansion of the consumer market. In addition, rural expansion will be a significant influence on food sector growth. According to research, by 2050, 68 percent of the nation's population will reside in urban areas, raising the need for processed foods. In addition, by 2025, there will be 34 million individuals in the middle and upper classes, which will accelerate the growth of the processed food sector. The shifting living pattern is accelerating the trend, the survey noted.

3.1.1.3 Urbanization

Urbanization is the growth in the number of people living in urban regions. It primarily results in horizontal, vertical, or combined horizontal and vertical expansion of metropolitan areas. The development is physical. Urbanization has a tight relationship with industry, modernization, and even the social process of rationalization. 2020 (Science Daily) Urbanization influences food consumption habits; by 2050, a rise in urban affluence will increase the demand for processed foods. Population growth will need a 70% rise in agricultural productivity.

Figure 5 demonstrates that the urban population of Bangladesh has grown at a slower rate over time. In contrast, it is also true that Bangladesh's urban population increase in 2018 is the largest among its peers. This is extremely promising for the telecommunications industry since this demographic segment promises increased subscribers and data traffic for telecom carriers.

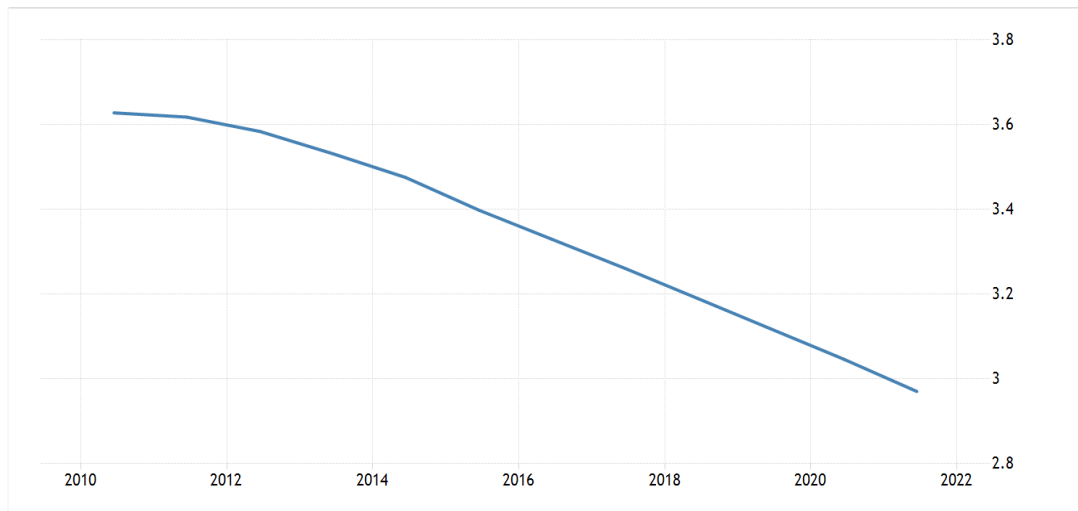


Figure 5: Population Growth Rate

3.3 The Company

3.3.1 Rationale behind choosing the company

This section of the report provides all the relevant information regarding the analysis segment, focusing on the valuation model application and the underlying assumptions utilized to construct such models. The evaluation is conducted on one of the top food & allied business which is Agricultural Marketing Company Ltd. (DSE: AMCL(PRAN))

The firm was selected based on its market cap and performance over the previous five years.

Company Name	Market Capital (mn)	Market Share
AMCL (PRAN)	2502	2.37%

I drew information from the individual firms' 7-year-old annual reports to perform the valuation. Based on this data, a five-year prediction has been constructed, and thus, three distinct valuation methodologies have been employed.

3.3.2 Company Profile

In Bangladesh, Agricultural Marketing Company Ltd. (DSE: AMCL(PRAN): CSE: AMCL(PRAN)) operates in the FMCG business. Since 1985, Agricultural Marketing Company Ltd. (AMCL) has been one of the country's leading food and beverage manufacturers (PRAN group was formed in 1981).

In its extensive history, the corporation has chiefly supplied two items to its portfolio: agricultural commodities and mixed drinks. The primary category comprises juice, beverages, mineral water, soft drinks, ice pops, mango bars, and others. In the fiscal year 2020-21, AMCL had a revenue of BDT 2,948,000. It represented an increase of 11.65% compared to FY 2019-20 revenue.

The shareholding structure of Agricultural Marketing Company Ltd. has been reflected in **Figure 6** below:

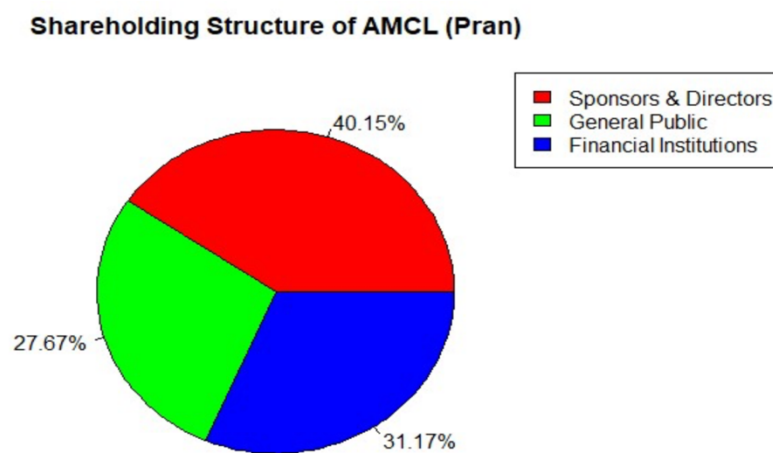


Figure 6: Shareholding Structure of AMCL (PRAN)

3.4 Financial Analysis

In FY20-21, AMCL reported revenue of BDT 2,948 million, up from BDT 2,641 million in FY20-20. During this period, revenue grew by 11.61%. The firm declared a gross profit of BDT 556.33 million with a contribution margin (CM) of 18.88% after discounting the cost of goods sold. In the previous year, the company's CM was 18.70%. Despite the impact of Covid-19 epidemic in preceding year, the operation has been conducted at a rate comparable to that of previous year. The company's operating earnings increased from BDT 197.95 million to BDT 220.78 million, 11.53 percent. The company's operating profit is proportional to its sales growth; hence, its cost of goods sold (COGS) and operating expenses have been in line with normal operating procedures, and no unexpected costs have been spent. The

company's profit after financial expenditures increased by 32%, from BDT 68.16 million to BDT 88.75 million. The company's financial expenditures have decreased compared to the prior year. Compared to the previous year, the firm has incurred no interest on long-term loans or WPPF; also, the company received a BDT 4 million interest subsidy from Covid-19. During FY20-21, the company's other income declined and became negative. Other income in FY20-21 is minus BDT 0.203 million, compared to BDT 4.11 million in FY20-21. The firm gained a significant sum of BDT 1,567 million in other earnings from the Dhaka International Trade Fair (DITF) in FY19-20, which was not hosted in FY18-19 because of the COVID-19 epidemic. In addition, the firm lost about BDT 2.29 million in currency exchange in FY20-21 due to Bangladesh's negative trading position due to the Covid-19 epidemic and the devaluation of the Taka. The company reported a net profit before taxes of BDT 84.34 million compared to BDT 45.58 million in the prior fiscal year. However, the company's net profit after taxes decreased by BDT 14.27 million compared to the prior fiscal year due to the imposition of AIT on export and CI in the current fiscal year. Thus, the company's total comprehensive income for FY20-21 is BDT 42.99 million, down from BDT 45.48 million a year earlier, a decrease of 5.68 percent. In FY20-21, the firm would earn BDT 5.37 per share, compared to BDT 5.70 in FY20-20.

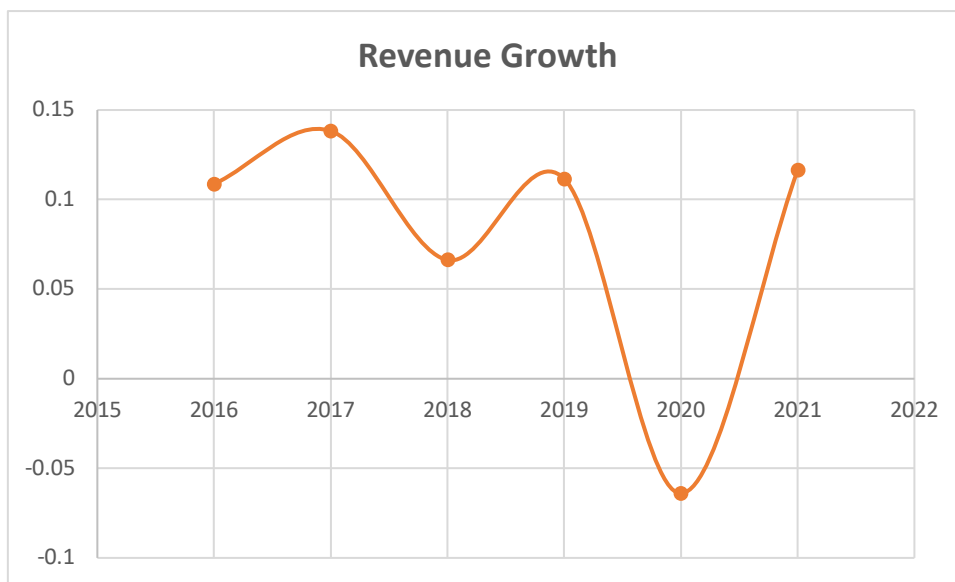


Figure 7: Revenue Growth Chart

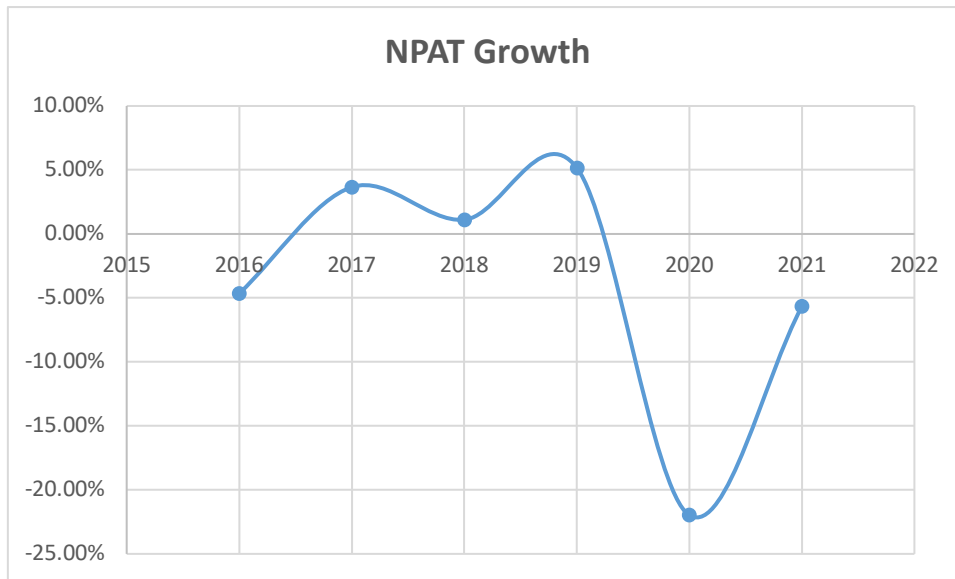


Figure 8: NPAT Growth Chart

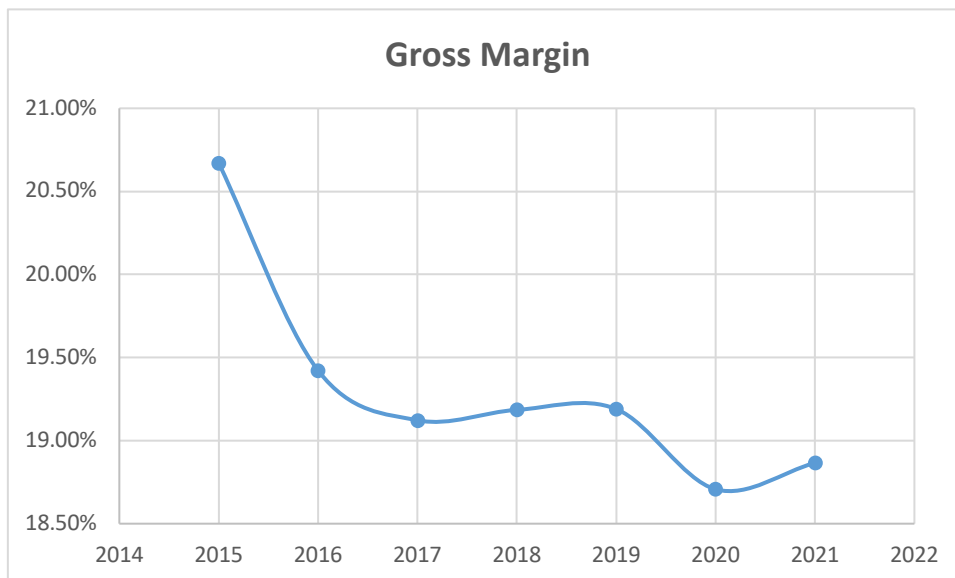


Figure 9: Gross Margin Chart

FY20-21, the company's total noncurrent assets declined from BDT 280.31 million to BDT 235.37 million. The asset base decreased due to depreciation charges (see note 5 of the Annual Report 2020-21). In FY20-21, the corporation's reported total asset base was BDT 1,375 million. The company's shareholder equity has increased to BDT 673.37 million from BDT 659.50 million a year ago. The only long-term credit arrangement reported by the corporation is a lease obligation. However, the company's short-term credit limit has been reduced from BDT 652.63 million to BDT 596.26 million. The Net Asset Value (NAV) per share grew from BDT 81.99 to BDT 84.17 during FY19-20 and FY20-21.

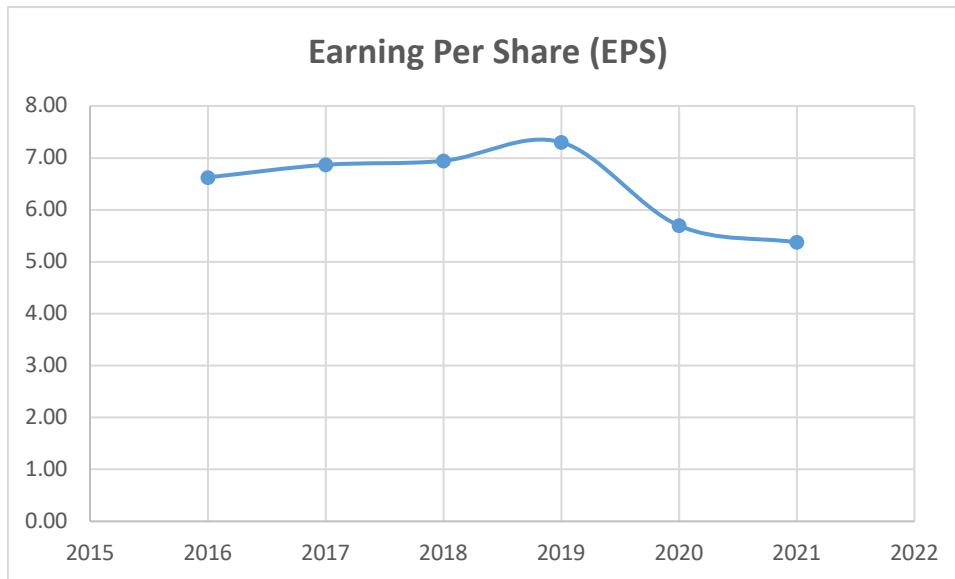


Figure 10: Earning Per Share (EPS) Chart

In its most recent fiscal year, the firm produced BDT 169.80 million in cash from operations, up from BDT 124.18 million in the previous fiscal year. In FY19-20, the firm obtained a short-term loan; however, in FY20-21, it repaid BDT 56.37 in a short-term loan. The company's dividends decreased from BDT 25.69 million to BDT 24.97 million. Compared to the prior year, the financing division consumed more cash. Therefore, its cash position is now BDT 37.54 million, down from BDT 78.18 million a year ago.

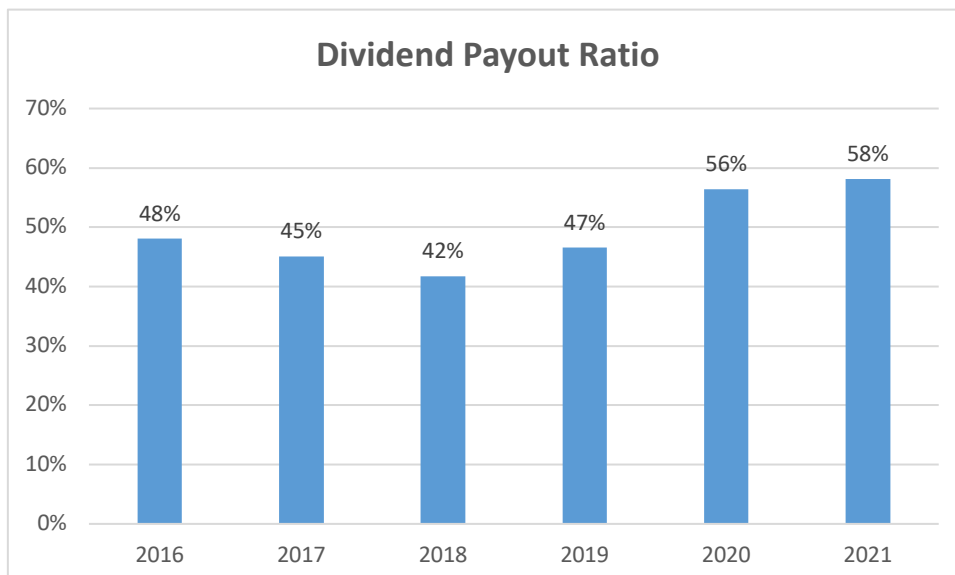


Figure 11: Dividend Payout Ratio Chart

3.4.1 Financial Ratios

3.4.1.1 Growth

Particulars	2016	2017	2018	2019	2020	2021
Growth						
Revenue Growth	11%	14%	7%	11%	-6%	12%
Gross Profit Growth	4%	12%	7%	11%	-9%	13%
EBIT Growth	-1%	2%	0%	19%	-14%	12%
EBT Growth	-4%	6%	-3%	10%	-11%	23%
NPAT Growth	-5%	4%	1%	5%	-22%	-6%

Table 3: Growth Ratios

3.4.1.2 Margins

Particulars	2016	2017	2018	2019	2020	2021
Margins						
Gross Margin	19.42%	19.12%	19.18%	19.19%	18.71%	18.87%
EBIT Margin	9.10%	8.14%	7.66%	8.19%	7.49%	7.49%
NPAT Margin	2.53%	2.31%	2.19%	2.07%	1.73%	1.46%

Table 4: Margins Ratio

3.4.1.3 Activity

Particulars	2016	2017	2018	2019	2020	2021
Activity						
Asset Turnover	1.43	1.63	1.77	2.01	1.88	2.14
Inventory Turnover	2.96	3.35	3.63	3.89	3.60	4.04
Receivables turnover	17.69	16.94	18.77	23.71	18.65	16.80
Payable turnover	794.1504	1201.236	820.6412	727.1719	520.4894	98.24213
Cash cycle (days)	141.6514	128.4518	117.7913	107.2464	118.5148	106.8221

Table 5: Activity Ratio

3.4.1.4 Return

Particulars	2016	2017	2018	2019	2020	2021
Return						
ROA	3.63%	3.76%	3.88%	4.17%	3.24%	3.13%
ROE	9.73%	9.57%	9.21%	9.19%	6.95%	6.38%

Table 6: Return Ratio

3.4.1.5 Liquidity

Particulars	2016	2017	2018	2019	2020	2021
Liquidity						
Current Ratio	1.31	1.36	1.42	1.47	1.54	1.66
Quick Ratio	1.27	1.22	1.19	1.11	1.10	1.14

Table 7: Liquidity Ratio

3.4.1.6 Leverage

Particulars	2016	2017	2018	2019	2020	2021
Leverage						
Debt to Asset	100.02%	89.93%	79.72%	71.21%	66.60%	61.57%
Debt to Equity	168.03%	154.98%	137.34%	120.43%	114.21%	104.21%

Table 8: Leverage

3.5 Valuation Models and Forecast

3.5.1 Valuation Models

This part reports the results of the three methodologies used to estimate the target price for the firm. The models have been constructed utilizing the projected assumptions and necessary market data.

The following are the valuation models that have been used:

1. Free Cash Flow to Firm (FCFF)
2. Dividend Discount Model (DDM)
3. Relative valuation- P/E multiple

3.5.1.1 Forecasting- Financial Performance & Position

The appendix contains the assumptions used to anticipate the financial statements and positions of the company for the fiscal years 2022 to 2026. Our financial projection model for the firm includes a summary of the most critical components.

3.5.1.2 Weighted average cost of capital assumptions

Particulars	Methodology
Cost of Equity	Calculated using the modified CAPM technique
Risk Free Rate	Bangladeshi 10-year Treasury bond yield ceiling
Cost of Debt	Effective interest rate*(1 - tax rate)
Beta	Using daily stock return and daily market return, beta has been calculated.
Weight of Equity	Total Equity / Total Value*(Equity + Debt)
Weight of Debt	Total Debt / Total Value*(Equity + Debt)
Expected Market Return	The average return of DSE

3.5.1.3 Terminal Growth Assumption

Food & Allied Sector Growth has been significantly reliant on the country's economic growth rate. From my observations, I calculated a terminal growth rate of 7.40 percent (6.40 percent long-term GDP growth of industrialized nations and 1 percent population increase).

3.6 Valuation Summary

3.6.1 Free Cash Flow to Firm (FCFF)

Company name: Agricultural Marketing Company Ltd.

FCFF = (Sales – COGS – Depreciation & Amortization) * (1-tax rate) + Non cash expenses – Capital Expenditure – Net Change in WC

Status: Undervalued

Investment Decision: The target price of BDT 359.75 per share is higher than the current price of BDT 322 per share; hence the investor should purchase the stock.

The appendix contains all of the data utilized and calculations performed. The following table provides an overview of Agricultural Marketing Company Ltd's market value.

Valuation data:	26 th August'22
Sector:	Food & Allied
Current Price (BDT):	322
Target Price (BDT):	359.75
Status:	Undervalued

Agricultural Marketing Company Ltd. WACC estimate is provided below:

Weighted Average Cost of Capital (WACC)	
Equity (mn)	619
Debt (mn)	0
Cost of Debt	9.0%
Tax Rate	25.0%
D/(D+E)	0.0%
After Tax Cost of Debt	6.8%
Risk Free Rate	8.2%
Expected Market Return	12.0%
Market Risk Premium	3.8%
Levered Beta	1.1
E/(D+E)	100.0%
Cost of Equity	12.4%
WACC	12.4%

The breakdown and computation of Discounted Cash Flow valuation model is shown in the table below:

Unlevered Free Cash Flow (mn)						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
Revenue	2,949	3,155	3,471	3,783	4,048	4,250
COGS	2,393	2,558	2,814	3,067	3,282	3,446
Gross Profit	556	597	657	716	766	804
Operating Expenses						
Administrative expenses	72	73	80	87	93	98
Marketing Expense	104	123	135	148	158	166
Selling Expenses	52	60	69	90	96	101
Distribution Expenses	107	107	118	129	138	145
Total Operating Expenses	336	363	403	453	485	509
Operating Profit (EBIT)	221	234	254	263	281	295
Operating Taxes	41.34	78	85	88	94	99
NOPAT	179	156	169	175	187	196
(+) Depreciation & Amortization	45	40	34	29	24	20
(-) Capital Expenditures	(0)	5	2	--	4	4
(-) Change in NWC	59	-4	45	40	37	29
NWC	451	447	492	532	569	598
Current Assets	1140	1319	1450	1581	1692	1776
Current Liabilities	689	871	958	1049	1122	1178
Unlevered Free Cash Flow	165	195	156	163	169	184

Unlevered Free Cash Flow (mn)						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E

Unlevered Free Cash Flow	165	195	156	163	169	184
Projection Year		1	2	3	4	5
Present Value of Free Cash Flow		179	132	126	121	121

Implied Share Price Calculation	
Sum of PV of FCF	621
Growth Rate	7%
WACC	12.4%
Terminal Value	3,978
PV of Terminal Value	2,219
Enterprise Value	2,840
(+) Cash	38
(-) Debt	0
(-) Minority Interest	0
Equity Value	2,878
Diluted Shares Outstanding (mm)	8.00
Implied Share Price	359.75

Outcome: According to the Free Cash Flow to Firm Model (FCFF), the per-share value is BDT 359.75.

3.6.2 Dividend Discount Model

Company name: Agricultural Marketing Company Ltd.

Status: Overvalued

Investment Decision: The fair price of BDT 53.68 per share is very lower than the current price of BDT 320.7 per share; hence the investor should not purchase the stock according to this valuation model.

The appendix contains all of the data utilized and calculations performed.

Discount rate	12.40%				
Terminal growth rate	7.40%				
Period	1	2	3	4	5
Year	2022	2023	2024	2025	2026
Dividend payment	3.20	3.27	3.34	3.42	3.49
Discount factor	0.89	0.79	0.70	0.63	0.56
Pv of fcff	2.84	2.59	2.35	2.14	1.95
Total pv of fcff	11.874				
Terminal value	41.807				
Value per share	53.681				

Outcome: According to the Dividend Discount Model (DDM), the value per share is BDT 53.68.

3.6.3 Relative Valuation- P/E multiple

Company name: Agricultural Marketing Company Ltd.

Status: Undervalued

Investment Decision: The fair price of BDT 331.11 per share is higher than the current price of BDT 320.7 per share; hence the investor should purchase the stock.

The appendix contains all of the data utilized and calculations performed.

Relative Valuation						
Particulars	APEXFOODS	BDTHAIFOOD	BATBC	OLYMPIC	UNILEVERCL	Average
P/E Ratio	118.55	92.5	18.71	12.55	65.99	61.66
Particulars	AMCL(PRAN)					
Share Price	320.7					
EPS	5.37					
P/E Ratio	59.72					
Fair Value	331.11					

Outcome: According to the Relative valuation- P/E multiple, the value per share is BDT 331.11.

Overall Assessment: Here we can find three different fair values in three other valuation methods. Not all companies comply with all valuation methods. In the DDM method, we have to look for companies with stable dividend growth, which is why we can see a big difference from the actual price of the share. Since the company is expanding its market internationally, they do not have a good dividend payout ratio. If we consider the FCF method, it is more suitable for this company.

3.7 Conclusion

Currently, most Bangladeshi capital market investors rely on it as their primary source of income. As they rely entirely on the market for their livelihood, they inadvertently form a vast undetectable syndicate due to its immense size. When transacting within the alliance, buyers and sellers believe they have made a wise decision. These actions gradually fuel the price bubble regulators misidentify as "increasing investor confidence." In this manner, the

bump grows unseen by stakeholders, resulting in an inevitable explosion. As the market is experiencing corrections, authorities may issue directives requiring present and potential investors to have a guaranteed income and allow them to use the capital market as an additional source of income to prevent this situation in the future.

Again, the market should encourage new shares with solid fundamentals to reach a degree of stability. Upon going public, family-oriented large firms should abandon the conventional concern of losing control. Governmental incentives could be provided to demonstrate public service's advantages and remind the wealthy of their obligation to their fellow citizens. Additionally, international firms could be encouraged to raise cash from the market to create safer diversification opportunities.

In addition, all government entities should behave responsibly by conducting pilot projects before issuing any new directives and analyzing the decision's effects from a holistic perspective to obtain a clear picture of the macroeconomic impact. Moreover, given that most Bangladeshi investors rely on the media for stock market information, care should be taken in selecting media reporters so that their often "immature" interpretation of routine matters does not cause panic among the populace.

As a concluding remark, the intern asserts that BRAC EPL STOCK BROKERAGE LTD's efficiency enabled it to remain stable throughout the entire period of turmoil. They were able to construct their strategy far before the onset of the bear run due to their superior prognostication skills. BRAC EPL STOCK BROKERAGE LTD. is still developing forecasts and preparing for sustainable performance in the foreseeable days, which demonstrates the executives' sophistication.

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Appendix

Income Statement of AMCL (PRAN):

Particulars (BDT Mn)	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Income Statement							
Revenue	1,887	2092	2381	2539	2,822	2641	2,949
Less: Cost Of Goods Sold	1,497	1685	1926	2052	2,280	2147	2,393
Gross Profit	390	406	455	487	542	494	556
Less: Operating Expenses	199	216	261	292	310	296	336
Administrative expenses	31	42	52	56	67	66	72
Marketing Expense	87	82	93	105	104	93	104
Selling Expenses	80	92	34	40	44	45	52
Distribution Expenses	-	-	83	91	95	92	107
Gross Operating Profit	191	190	194	195	231	198	221
Less: Finance expense	118	120	119	125	154	130	132
Net Operating Profit	73.89	69.86	74.41	69.53	76.95	68.16	88.76
Non Operating Income	0.88	2.04	1.91	4.44	4.50	4.11	-0.20
Other Income	1	2	2	4	4	4	0
Profit before WPPF	74.77	71.90	76.32	73.98	81.45	72.27	88.55
Less: Provision for WPPF	4	3	4	4	4	3	4
Profit before Income Tax	71.21	68.47	72.68	70.46	77.57	68.83	84.34
less: Income tax expense	15.63	15.48	17.74	14.91	19.15	23.25	41.34
Current Tax	18	21	20	17	19	26	43
Deferred Tax	-3	-5	-3	-2	0	-2	-2
Net Profit after tax	55.6	53.0	54.9	55.5	58.4	45.6	43.0
Earning Per Share (EPS)	6.95	6.62	6.87	6.94	7.30	5.70	5.37

Balance Sheet of AMCL (PRAN):

Particulars (BDT Mn)	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Balance Sheet							
Non-Current Assets	658	545	474	392	326	280	235
Property, Plant & Equipment	658	545	474	392	326	273	230
Right of use assets	-	-	-	-	-	7	5
Current Assets:	848	915	989	1039	1075	1125	1140
Inventories	536	570	575	564	586	596	592
Accounts Receivable	83	118	141	135	119	142	176
Advances, Deposits & Pre-payments	195	209	237	279	270	309	335
Cash and bank balances	33	18	64	61	100	78	38
Total Assets	1506	1459	1463	1431	1402	1405	1375
SHAREHOLDERS' EQUITY & LIABILITIES:							
Shareholders' Equity:	517	544	574	603	636	656	673
Share Capital	80	80	80	80	80	80	80
Share Premium	40	40	40	40	40	40	40
Revaluation Surplus	381	409	438	468	15	521	15
Retained Earnings	16	16	16	15	501	14	539
Non-current Liabilities	449	217	163	99	34	16	13
Deferred Tax Liability	22	17	15	13	13	10	9
Long term loans	427	200	149	85	21	-	0
lease obligation	-	-	-	-	-	5	4
Current Liabilities	539	698	726	730	732	733	689
Current portion of long term loans	71	28	28	28	26	-	0
current portion of lease obligation	-	-	-	-	-	1	1
short term credit facilities	364	571	609.2	597	598	653	596
Interest Payable	8	6	5.103				
Accounts Payable	1.83	3	1.982	3	3.88	5	30
Accrued Expenses	-	4	8.405				
Provision from expenses	9	-	-	11	30	35	22
Security deposit of distributors		-	-	27	27	27	27
Dividend Payable	5	5	6				
Income tax payable	51	50	35	51.7	36		
WPPF Payable	4	4	4	5	4	4	4

Other Liabilities	27	27	28	8	7	6	7
Total Liabilities	989	915	889	828	766	749	702
Total Shareholders' equity & Liabilities	1506	1459	1463	1431	1402	1405	1375

Cash Flow Statement of AMCL (PRAN):

Particulars (BDT Mn)	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Cash Flow Statement							
CASH FLOW FROM OPERATING ACTIVITIES :							
Receipts from Customers	2,092	2,273	2547	2758	3,169	2624	3,277
Payment to Suppliers	-1,303	-1,441	-1625	-1784	-1,987	-1840	-2,037
Payment for general and administrative expenses	-567	-589	-660	-717	-872	-594	-1,033
Income tax payment	-42	-45	-35	-34	-29	-65.9	-37
Net Cash provided from Operating Activities	181	198	226	223	281	124	170
CASH FLOW FROM INVESTING ACTIVITIES :							
Acquisition of Property, Plant and Equipment	-512	-4	-26	-	-	-0.21	-
Right of Use Assets							0
Disposal of Property, Plant and Equipment	126						
Net Cash Used in Investing Activities	-386	-4.1	-26	0	0	-0.21	0.376
CASH FLOW FROM FINANCING ACTIVITIES :							
Repayment of long term loan	412	-270	-51	-63	-66	-47	-
Receipt of short term loan	-53	206	39	-13	1	55	-56
Receipt of liabilities	1	0	1	0	0	0	
Interest Payment	-112	-120	-118	-126	-150	-127	-128
Repayment of lease liability	-	-	-	-	-	-1	-2
Dividend Payment	-25	-25	-24.8	-23.2	-27	-25.7	-25
Net Cash Used in Financing Activities	223	-209	-154	-226	-243	-146	-211
Net increase/(decrease) in cash and bank balance	17	-15	46	-3	38	-22	-41
Unrealised foreign exchange gain	-	-	-	-	1	0.12	0
Cash and bank balances at the beginning of the year	16	33	18	64	61	100	78
Cash and bank balances at the end of the year	33	18	64	61	100	78	38

Common size income statement:

Particulars	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Income Statement							
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Less: Cost Of Goods Sold	79.33%	80.58%	80.88%	80.82%	80.81%	81.29%	81.13%
Gross Profit	20.67%	19.42%	19.12%	19.18%	19.19%	18.71%	18.87%
Less: Operating Expenses	10.52%	10.32%	10.98%	11.52%	11.00%	11.21%	11.38%
Administrative expenses	1.67%	1.99%	2.17%	2.22%	2.39%	2.49%	2.46%
Marketing Expense	4.61%	3.92%	3.92%	4.12%	3.69%	3.53%	3.52%
Selling Expenses	4.25%	4.41%	1.43%	1.58%	1.55%	1.70%	1.77%
Distribution Expenses	0.00%	0.00%	3.47%	3.60%	3.37%	3.50%	3.64%
Gross Operating Profit	10.15%	9.10%	8.14%	7.66%	8.19%	7.49%	7.49%
Less: Finance expense	6.23%	5.76%	5.02%	4.92%	5.46%	4.91%	4.48%
Net Operating Profit	3.92%	3.34%	3.13%	2.74%	2.73%	2.58%	3.01%
Non Operating Income	0.05%	0.10%	0.08%	0.18%	0.16%	0.16%	-0.01%
Other Income	0.05%	0.10%	0.08%	0.18%	0.16%	0.16%	-0.01%
Profit before WPPF	3.96%	3.44%	3.21%	2.91%	2.89%	2.74%	3.00%
Less: Provision for WPPF	0.19%	0.16%	0.15%	0.14%	0.14%	0.13%	0.14%
Profit before Income Tax	3.77%	3.27%	3.05%	2.78%	2.75%	2.61%	2.86%
less: Income tax expense	0.83%	0.74%	0.75%	0.59%	0.68%	0.88%	1.40%
Current Tax	0.96%	0.98%	0.86%	0.66%	0.69%	0.97%	1.46%
Deferred Tax	-0.14%	-0.24%	-0.11%	-0.07%	-0.01%	-0.09%	-0.05%
Net Profit after tax	2.95%	2.53%	2.31%	2.19%	2.07%	1.73%	1.46%

Common Size Balance Sheet:

Balance Sheet	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Non-Current Assets	43.71%	37.32%	32.41%	27.41%	23.28%	19.95%	17.12%
Property, Plant & Equipment	43.71%	37.32%	32.41%	27.41%	23.28%	19.44%	16.73%
Right of use assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.51%	0.39%
Current Assets:	56.29%	62.68%	67.59%	72.59%	76.72%	80.05%	82.88%
Inventories	35.61%	39.06%	39.30%	39.43%	41.82%	42.41%	43.04%
Accounts Receivable	5.52%	8.10%	9.61%	9.45%	8.49%	10.08%	12.76%
Advances, Deposits & Pre-payments	12.96%	14.30%	16.17%	19.47%	19.28%	22.00%	24.35%
Cash and bank balances	2.20%	1.21%	4.36%	4.24%	7.12%	5.56%	2.73%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SHAREHOLDERS' EQUITY & LIABILITIES:							
Shareholders' Equity:	34.34%	37.31%	39.22%	42.13%	45.37%	46.68%	48.97%
Share Capital	5.31%	5.48%	5.47%	5.59%	5.71%	5.69%	5.82%
Share Premium	2.66%	2.74%	2.73%	2.79%	2.85%	2.85%	2.91%
Revaluation Surplus	25.31%	28.00%	29.95%	32.71%	1.06%	37.09%	1.07%

Retained Earnings	1.06%	1.08%	1.07%	1.04%	35.75%	1.05%	39.17%
Non-current Liabilities	29.83%	14.89%	11.17%	6.90%	2.45%	1.17%	0.96%
Deferred Tax Liability	1.48%	1.18%	1.00%	0.93%	0.93%	0.77%	0.67%
Long term loans	28.35%	13.71%	10.17%	5.97%	1.51%	0.00%	0.00%
lease obligation	0.00%	0.00%	0.00%	0.00%	0.00%	0.40%	0.29%
Current Liabilities	35.83%	47.80%	49.61%	50.97%	52.19%	52.15%	50.07%
Current portion of long term loans	4.69%	1.91%	1.90%	1.95%	1.84%	0.00%	0.00%
current portion of lease obligation	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%	0.10%
short term credit facilities	24.19%	39.11%	41.64%	41.67%	42.63%	46.45%	43.36%
Interest Payable	0.54%	0.41%	0.35%	0.00%	0.00%	0.00%	0.00%
Liabilities for goods	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accounts Payable	0.12%	0.18%	0.14%	0.22%	0.28%	0.36%	2.18%
Accrued Expenses	0.00%	0.29%	0.57%	0.00%	0.00%	0.00%	0.00%
Provision from expenses	0.56%	0.00%	0.00%	0.74%	2.14%	2.52%	1.62%
Security deposit of distributors	0.00%	0.00%	0.00%	1.87%	1.93%	1.93%	1.97%
Dividend Payable	0.33%	0.35%	0.41%	0.00%	0.00%	0.00%	0.00%
Income tax payable	3.36%	3.45%	2.39%	3.61%	2.58%	0.00%	0.00%
WPPF Payable	0.24%	0.26%	0.30%	0.32%	0.31%	0.31%	0.31%
Other Liabilities	1.79%	1.84%	1.92%	0.59%	0.49%	0.48%	0.53%
Total Liabilities	65.66%	62.69%	60.78%	57.87%	54.63%	53.32%	51.03%
Total Shareholders' equity & Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Assumptions						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
Revenue Growth	11.6%	7.0%	10.0%	9.0%	7.0%	5.0%
COGS % of Revenue	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%
Administrative expenses % of Revenue	2.46%	2.30%	2.30%	2.30%	2.30%	2.30%
Marketing Expense % of Revenue	3.52%	3.90%	3.90%	3.90%	3.90%	3.90%
Selling Expenses % of Revenue	1.77%	1.90%	2.00%	2.38%	2.38%	2.38%
Distribution Expenses % of Revenue	3.64%	3.40%	3.40%	3.40%	3.40%	3.40%
Tax %	49.0%	33.5%	33.5%	33.5%	33.5%	33.5%

Fixed Assets Schedule						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
Beginning PP&E	280	235	200	168	139	120
D&A	45	40	34	29	24	20
CapEx	0	5	2	0	4	4
Ending PP&E	235	200	168	139	120	103

Assumptions						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
D&A as a % of Beginning PP&E	15.9%	17.0%	17.0%	17.0%	17.0%	17.0%
CapEx as a % of Beginning PP&E	-0.1%	2.0%	1.0%	0.0%	3.0%	3.0%

Net Working Capital						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
Inventories	592	750	825	899	962	1,010
Accounts Receivable	176	166	183	199	213	224
Advances, Deposits & Pre-payments	335	333	366	399	427	448
Cash and bank balances	38	70	77	83	89	94
Current Assets	1,140	1,319	1,450	1,581	1,692	1,776
Current portion of long term loans	0	32	35	38	40	43
current portion of lease obligation	1	1	1	2	2	2
short term credit facilities	596	729	802	874	936	982
Interest Payable		4	5	5	5	6
Accounts Payable	30	8	9	10	10	11
Accrued Expenses		1	1	1	1	1
Provision from expenses	22	22	24	26	28	30
Security deposit of distributors	27	24	26	28	30	32
Dividend Payable		0	0	4	4	5
Income tax payable		45	49	53	57	60
WPPF Payable	4	5	6	6	7	7
Other Liabilities	7	1	1	1	1	1
Current Liabilities	689	871	958	1,049	1,122	1,178

Assumptions						
Fiscal Year	2021A	2022E	2023E	2024E	2025E	2026E
Revenue	2,949	3,155	3,471	3,783	4,048	4,250
COGS	2,393	2,558	2,814	3,067	3,282	3,446
Days Sales Outstanding (DSO)	21.4	18.9	18.9	18.9	18.9	18.9
Days Inventory Outstanding (DIO)	89.1	105.5	105.5	105.5	105.5	105.5
Days Payable Outstanding (DPO)	4.5	1.1	1.1	1.1	1.1	1.1
Advances, Deposits & Pre-payments as a % of Revenue	11.35%	10.55%	10.55%	10.55%	10.55%	10.55%
Cash and bank balances as a % of Revenue	1.27%	2.21%	2.21%	2.21%	2.21%	2.21%
Current portion of long term loans as a % of Revenue	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

current portion of lease obligation as a % of Revenue	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%
short term credit facilities as a % of Revenue	20.22%	23.11%	23.11%	23.11%	23.11%	23.11%
Interest Payable as a % of Revenue	0.00%	0.13%	0.13%	0.13%	0.13%	0.13%
Accrued Expenses as a % of Revenue	0.00%	0.02%	0.02%	0.02%	0.02%	0.02%
Provision from expenses as a % of Revenue	0.75%	0.70%	0.70%	0.70%	0.70%	0.70%
Security deposit of distributors as a % of Revenue	0.9%	0.75%	0.75%	0.75%	0.75%	0.75%
Dividend Payable as a % of Revenue	0.0%	0.00%	0.0%	0.1%	0.1%	0.1%
Income tax payable as a % of Revenue	0.0%	1.41%	1.41%	1.41%	1.41%	1.41%
WPPF Payable as a % of Revenue	0.1%	0.17%	0.17%	0.17%	0.17%	0.17%
Other Liabilities as a % of Revenue	0.2%	0.71%	0.71%	0.71%	0.71%	0.71%