

Valuation of amcl pran



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Consultation # I Date Signature of the Supervisor 10 Acknowledgement I
Remarks 1 17 At first I express my gratefulness to the Almighty Allah for helping me in preparing this project paper successfully. Secondly, I would like to express my heartfelt thanks to my honorable faculty member Professor M Shanghai Mina for providing me continuous support and guidelines to prepare a collaborative formal paper.

His invaluable contribution to me can only be acknowledged but never be compensated. In addition, I would also like to thank all employees of MCCALL PARA who spent their valuable time to provide me information about their company. I am also thankful to my fellow students, who helped me a lot in preparing this report. At last, I would like to express my profound indebtedness and gratitude to my respected faculty Professor M Shanghai Mina once again for his valuable advice and kind cooperation on the proceedings of a good report submission.

Executive Summary Financial report meaner the presentation of financial data of a company's position, operating performance, and funds flow for an accounting period with some other useful instructive components particularly as a brochure. It is a written report, which quantitatively describes the

financial health of a company. A financial report contains financial statements along with related information which may be used by internal and external parties. Financial statements include an income statement, a balance sheet, a cash flow and retained earning statements.

The main goal of presenting useful information to financial is helping to make proper decisions. This report also computed actual or intrinsic value of the stock following did efferent discounted cash flow techniques and relative valuation techniques. We know that value of a asset is the present value of its all expected future returns. To ensure that an investor receives his required returns on some investment, he must estimate the intrinsic value of the stock and then compare this value to the prevailing market price.

An investor should not buy a stock if its market price exceeds estimated value, I. E. The stock is overvalued. In contrast, if the estimated intrinsic value of the stock exceeds market price, he should buy the investment. In this report, I have also tried to find out the underlying factors causing the discrepancy between the market price of the share and the actual or intrinsic value of the share through analyzing the last five year's financial statements of MCCALL PARA. Table of Contents: Chapter 1 Introduction Statement of the Problems 1. Objectives of Study 09 1. 3 10 Chapter 2 Methodology Page Number 09 1. 2 10 1. 4 12 2. 2 2. 1 Data 2. 3 Statistical techniques 12 Period under Consideration Chapter 3 Analysis and Findings 15 3. 1 Analysis Income Statement Analysis . 2 Cash Flow Analysis 16 3. 3 Scope of Study Limitations of Study Nature and Source of Balance Sheet 20 3. 4 Retained Earning Statement 21 Chapter 4 Stock Valuation 4. 1 Return 4. 3 4. 4 Purpose of Stock Valuation 24 Required Rate of Return Intrinsic Value of Stock

Discrepancies 29 Chapter 5 Stream of Expected 24 4. 25 Causes of Price 25
4. 5 Summary and Conclusion 1. Summary 2. Conclusion CHAPTER-I

INTRODUCTION Managerial finance refers to the function of procurement, utilization and distribution of funds. Performance of modern finance is reflected both at firm level and market level. Experiences although suggest that the two levels are not perfectly interdependent; but efforts are often made to optimize market performances through firm level optimization of decisions related to investment financing and cash management.

The stated objective of the management of any company is to make higher profits consistently in terms of wealth minimization which should attract investors to purchase and retain shares of the company for its sustained future prospect. The key instrument by which the management of any company communicates its performance level to its shareholders is its year-end annual report. Annual report portrays a snapshot of its operating performance for a given period in terms of a number of statements like Income Statement, Balance Sheet, Statement of Cash flows, Statement of Equity Changes and notes thereto.

The goal of this report is to evaluate the performance of our selected company in terms of accounting measures and compare them with market-driven indicators of its performance and finally rationalize the discrepancy that may exist between the market value per share and book value per share of Agricultural Marketing Co Ltd (MCCALL PARA). Profile of Agricultural Marketing Co Ltd PARA stands for Programmer for Rural Advancement Nationally. " PARA" is currently the most well known house hold name among the millions of people in Bangladesh and abroad also.

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Since its inception in 1980, PARA Group has grown up in stature and became the largest fruit and vegetable processor in Bangladesh. It also has the largest exporter of processed agro products with compliance of HALL & HACK to more than 70 countries from Bangladesh. PARA is the pioneer in Bangladesh to be involved in contract farming and procures raw materials directly from the farmer and process through state of the art chicanery at its several factories into hygienically packed food and drinks products.

The brand PARA has established itself in every category of food and beverage industry and can boost a product range from Juices, Carbonated drinks, Confectionery, Snacks and Spices to even Dairy products. Historical Highlights: MCCALL PARA has achieved the prestigious certificate like ISO 9001: 2000. Office: Property Height, 12 ARK Mission Road, Dacha-1203.

Public Limited Company Listing Status: DES Listing year: 1996 Current Authorized capital: Current paid up capital: Total number of securities: 500 Million 0 million Face Value: TX 100 1 . Statement of the Problems: MCCALL PARA is one of the leading business institutions of Bangladesh.

One of the major organizational goals is to reduce poverty and hunger through large scale employment generation. The company is enlisted in Dacha and Chitchatting Stock Exchange to trade its stock in the Capital Market. In this paper I have made an effort to analyze financial statements of MCCALL PARA over the last five years and thus to provide essential information that is useful to present and potential investors and creditors in making rational investment. Moreover from the Table 1 . 1, it is noticeable that there are discrepancies between the Market Values and Book Values of the shares of Agricultural Marketing Co Ltd.

I have also made an effort in this paper to find out the intrinsic value of the stock by using different valuation techniques and then finding whether it is higher or lower from the market value of the stock or not. Thereafter, necessary effort has been taken to find out the underlying effects for the discrepancy between actual value and the market value of the stock. I Year 2010-11 1363. 00 1428. 39 12011-12 11657. 50 | 449. 96 2007-08 12008-09 I I Market Value Per Share 11527. 00 1475. 10 1128. 00 1501. 66 12009-10 II 142. 00 | I Book Value Per Share | 53. 37 Table 1. : Market Value & Book Value per share of MCCALL PARA 2. Scope of Study: In this report, I have studied annual reports over the last five years and collected other essential and relevant information from head office and website. On the basis of that information, an effort has been made to analyze the financial performance of the company that will be helpful and useful to the present and potential investors and creditors in making rational investment. Again on the basis of the financial information, I have made an effort to estimate actual value of the stock and then compare it with the current market price of the stock.

By comparing the market price of the stock with its intrinsic value, investors can take further decision on his investment. Further, if there is difference between market price of stock and actual value, then an effort also made to find out the underlying factors causing the differences of the prices. 3.

Objectives of the Study: The main objectives of the study are: a. To analyze the financial statements of MCCALL PARA for the last five years to provide essential information that is useful to present and potential investors and creditors in making rational investment. . To analyze the financial statements of MCCALL PARA for the last five years to provide information about how

management has discharged its stewardship function to stockholders for the use of enterprise's resources entrusted to it. C. To estimate the intrinsic value of the stock for MCCALL PARA by using both Discounted Cash Flow Techniques and Relative Valuation Techniques and to make investment decision process. D. To identify the underlying factors causing the discrepancy between market alee per share and the intrinsic value per share of MCCALL PARA. E.

To explain the reasons why market value is higher/lower than the intrinsic value of the company using financial tools to explore whether the above stated discrepancy is good news or bad news for the company. 4. Limitations of Study: a. I feel that annual reports of MCCALL PARA are lack of necessary information to write such a report to analyze its financial performance and to find its stock value. However, I tried my best to collect other essential information those are relevant for writing this report by visiting the office of the company and website. MCCALL Prang's website is not much informative. It does not attach or upload any kind of information that can help us in further financial calculations. The Head Office of MCCALL PARA is not also that supportive. They are reluctant to provide necessary information that can help us. C. Due to time constraints, I could not visit the manufacturing plant of MCCALL PARA to incorporate more information on functional level management strategy. D. Another limitation I faced is that the company does ambiguous accounting practice to get rid of tax that dilutes the actual scenario.

Many times, the company rises to make their performance much more lucrative to the shareholders by means of unethical practice, which is completely unnoticeable to general public.