

Ms Faiqa
14. March - 22

Hina Harram

House# 162, Block J-2 Johar Town Lahore.

hina.harram@gmail.com

10th March, 2022

Recruiter,
THE PAKISTAN CREDIT RATING AGENCY (PACRA)

Dear Sir/Madam,

For your kind acknowledgement, I would like to say that I am a graduate from Business Administration Discipline, National University of Computer And Emerging Sciences. I am interested to work with this organization in order to gain experience, as I think it is one the best place where I will get the right environment to flourish my abilities.

You will get to know from my CV that I am a Self-motivated, hard working person with positive attitude to initiate program in highly competitive environment. I am good at leading the group, making the right decision and completing multiple tasks efficiently. I like challenges and have confidence about my ability to perform any task efficiently. Excellent Interpersonal Communication Skills helps me to communicate effectively with my team mates. I believe in team performance for goal accomplishment rather than individual excellence. I am proficient in accounting software including, but not limited to, MS Excel, Word, PowerPoint, and other analytical and visualization software like Tableau. My CV will give you sufficient information to qualify me for enrolling job in your renowned organization.

I will be available any time at your convenience to demonstrate further about myself.

Thank you for your consideration.

Sincerely,

Hina Harram

Hina Harram

House#162 Block J2, Johar Town, Lahore

Contact: +92 306-0081711

Email: hina.harram@gmail.com

EDUCATION

PROFESSIONALS ACADEMY OF COMMERCE

Chartered Financial Analyst (CFA) [Level 1 Candidate]

Currently enrolled for May 2022 exam

NATIONAL UNIVERSITY OF COMPUTER & EMERGING SCIENCES (FAST-NU), LAHORE 2016-2020

FAST SCHOOL OF MANAGEMENT

Bachelors of Business Administration CGPA/Grade: 3.3

Relevant Courses: Accounting, Finance, Business Analytics, Statistics, Marketing, Human Resources, Marketing Research, Economics

LAHORE GRAMMAR SCHOOL- SENIOR GIRLS CAMPUS 2014-2016

A Level- Business Studies

THE CITY SCHOOL-

RAVI CAMPUS

O level-Sciences

2013-2014

EXPERIENCE

Tuition

Home tutor

- O level- (Accounting)

July 2016 - Present

Hooked on Books

Startup

- Pakistans first ecommerce website to sell used books online

January 2020

FAST Business Club

Assistant vice president

- Meeting coordination
Arranging meetings before the event
- Reception
Managed contestant and guests

January 2020

Traditional Minis

Startup

- Online platform of customized traditional dresses for girls

September 2019

Fiverr

Freelancing

- Prepared detailed report on financial statements, data entry work, copy paste task, typing tasks.

December 2018

CERTIFICATIONS

Google Analytics Academy

- Google Analytics for beginners

December 2019

Tableau

- Tableau workshop at FAST NUCES, Lahore

October 2019

PROJECTS

Final Year Project- Business Plan

- Business Plan aims at providing customized traditional and occasional dresses for girls of age (1 year-10year) with best quality and at an affordable price.

Fall 2019

Haier Pakistan (PVT) Limited

- Detailed report on organizational structure and management style.

Spring 2019

Investment Valuation of Cement Sector

- The project report identifies the financial sector overall performance, valuation of their stocks and the individual companies profitability.

Fall 2018

Database Management System Development

- Developed the departmental store database on Microsoft SQL and linked it to the web interface using Microsoft Visual Studio.

Fall 2018

Telecommunication Industry Report

- A detailed report on the performance of industry which showed that the telecommunication industry of Pakistan is struggling to satisfy customer needs and to keep afloat due to the increasing decline in investments.

Spring 2018

Business Plan

- Business plan of a customized wooden furniture Wood Vocation comprises of market research, financial analysis and project feasibility report.

Fall 2016

HONOURS AND AWARDS

- Placed on Deans Honour List in Fall 2016, Spring 2017 and Spring 2020.

SKILLS

- MS Office (Word, Excel, PowerPoint)
- Prezi
- Tableau
- Google Analytics
- SQL database management system and Visual studio
- SPSS, PLS-SEM

LANGUAGES

- Urdu
 - English
 - Punjabi
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9 September 2021

To whom it may concern:

This letter provides the current status of Hina Harram in the CFA Program as of 9 September 2021.

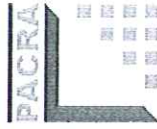
CFA Program	Status
Level I	Registered, 2022

The CFA credential is the most respected and recognized investment designation in the world as it demonstrates superior competency in advanced portfolio management, financial expertise, and technical skills, underpinned by ethical conduct and the highest standards of practice. Successful CFA Program candidates report that they spend an average of 1,000 hours, in aggregate, studying for all three levels.

For more information on CFA Program, visit: cfainstitute.org/programs/cfa/curriculum.

If you should have any further questions, please feel free to contact our Global Contact Center via our Customer Support page: help.cfainstitute.org.

Sincerely,
Global Contact Center



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Total sections: IV

SUGGESTED ALLOCATED TIME: 100 MINUTES

Part 1: General knowledge: 8/20

Part 2: Financial Concepts: 4/10

Part 3: Financial Analysis: 22/40

Part 4: A look into yourself: 19/30

Total Marks: 53

Percentage: 53%

Jaigz
14-Mar-22

Name: Hina Harram

Date: 14-03-2022

Signature: *Hina*

Kindly Rank the difficulty level of the Test:

1	2	3	4	5
Piece of Cake	Easy	Normal	Difficult	Very Difficult



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Part I – General Knowledge

Total Marks: 20

(Number of Questions: 10)

(All Questions carry equal marks)

1. The most common monetary policy tool used by a central bank is:

- a. discount rate
- b. open market operations
- c. persuading banks to tighten or loosen their credit limits
- d. bank's reserve requirement

2. Credit ratings, despite their numerous other uses, exist primarily to:

- a. Help investors assess the overall systematic risk they face when making certain kinds of investments.
- b. Help investors assess the operational, credit and market risks they face when making certain kinds of investments.
- c. Help investors assess the credit and market risks they face when making certain kinds of investments.
- d. Help investors assess the credit risks they face when making certain kinds of investments/landings.

3. The Black Scholes Model is primarily used for Pricing;

- a. Common Shares of Companies
- b. Debt Instruments
- c. Options
- d. Preference Shares
- e. All of the Above

4. Having all executive directors on board ensures protection of rights for all stakeholders in the company. T/F

5. First CRA in Pakistan was established in:

- a. 1995
- b. 1992
- c. 1994
- d. 1997

6. In Pakistan, Bond pricing Agency was established in:

- a. 1994
- b. 1997
- c. 2000
- d. None of above

7. If there are three apples and you take away two, how many do you have? 1

8. Which number should come next in the series: 1, 3, 6, 10, and 15? 21



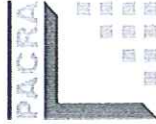
THE PAKISTAN CREDIT RATING AGENCY LIMITED

9. At the end of a banquet 10 people shake hands with each other. How many handshakes will there be in total?

☒ a. 100
b. 20
c. 45
d. 50
e. 90

10. A certain five letter word becomes shorter when you add two letters to it. What is the word?

? _____



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Part II – Corporate Finance Concepts

Total Marks: 10

(Number of Questions: 5)

(All Questions carry equal marks)

1. If a company issues bonus shares, the debt to equity ratio will:

- a. Remain unaffected
- ☒ b. Impair
- c. Improve
- d. None of the above.

2. Ability to repay one's financial commitments is represented by:

- ☒ a. Debt-to-equity ratio
- b. Return on equity
- c. Cash flows coverage
- d. Asset Turnover

3. ABC Inc. is issuing bonds to obtain the funding necessary to acquire a major competitor. Review of the balance sheets indicates that ABC has also issued preferred and common stock in the past. Which component cost(s) should ABC use in evaluating the financial cost of acquiring the new firm?

- ☒ a. The weighted average component cost of common stock, preferred stock, and debt
- b. The price the firm paid for its assets divided by their market value
- c. Shareholders' equity
- d. The cost of the new debt issue alone

4. Which of the following would NOT improve the current ratio?

- ☒ a. Borrow short term to finance additional fixed assets.
- b. Issue long-term debt to buy inventory.
- c. Sell common stock to reduce current liabilities.
- d. Sell fixed assets to reduce accounts payable.

5. Consider the scenario where the government imposes a cap on the price of sugar at 10% below the market price. All other factors being constant, the credit risk of the sector

- a. Increases.
- ☒ b. Decreases.
- c. Remains unaffected.
- d. Not enough information to decide.



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Part III – Financial Analysis

Total Marks: 40

(Number of Questions: 10)

You are required to answer each question in not more than 4-5 lines

The Financials of ABC Limited has been attached for further analysis.

1. COMPANY PROFILE

1.1. ABC Limited (ABC), a leading name in the cement manufacturing industry in Pakistan, was established under the management control of State Cement Corporation of Pakistan Limited in September 1978 and started its commercial production in April 1986. **ABC Limited** operates two cement plants in northern parts of the country, with a combined capacity of 4mln MT per annum. The company produces two kinds of cement: Ordinary Portland Cement and Sulphate Resistant Cement.

2. BUSINESS RISK

2.1. Cement Industry: Pakistan's cement industry comprises 29 plants with an annual cement capacity of approximately 44.2mln MT. Total cement demand was 31.4mln MT in FY13 (FY12: 34.3mln MT), of which, domestic demand stood at 22mln MT. Due to the absence of a supportive environment for business growth, local demand and utilization has remained subdued accordingly declining by 6.6% YoY. Meanwhile, exports clocked in at 9.4mln MT (-11.6% growth YoY). In line with the drop seen in dispatches, capacity utilization of the industry was slightly lower at 76.2% during FY13.

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Industry Data	FY17	FY16	FY15
Production	41.2	44.7	41.8
Total Dispatches	31.4	34.3	31.3
Local Dispatches (North)	17.9	20.2	17.1
Local Dispatches (South)	4.1	3.4	3.5
Export Dispatches	9.4	10.7	10.8
Capacity Utilization	76.20%	76.60%	74.90%
Coal Prices (USD/ton)	108.2	75.9	94.9

2.1.1. Lucky Cement is the largest cement manufacturer in the country having an annual production capacity of 7.1mln MT. Lucky's plant is located in the southern region although the majority of the cement plants are located in the northern part of the country (35.4mln MT capacity). In terms of production capacity, the top 5 companies comprise more than 50% of total installed capacity of the industry.

2.2. ABC Limited, by virtue of its location in the North, enjoys strategic advantage of being in close proximity of major consumption centers and availability of effective and economical channels of distribution with lower incidence of freight costs for domestic sales. The raw materials (limestone, clay, and gypsum) used in cement production are also located near the plant. Furthermore, the addition of a second production facility – taking the overall capacity of the company to 4.01MT per annum – has also opened export avenues



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to Afghanistan from northern borders. The plant augmented both the domestic sales and exports of the company.

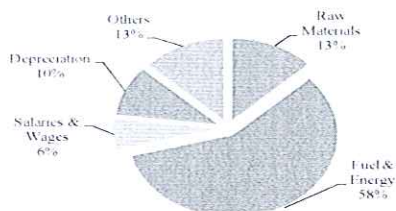
(PKR mln)

Performance Indicators	FY17	FY16	FY15
Capacity (mln MT per annum)	4.0	4.0	4.0
Capacity Utilization	93%	116%	98%
Cement Sales (mln tons)	4.17	4.91	3.85
<i>Local</i>	2.86	4.10	2.83
<i>Export</i>	1.30	0.81	1.02
Total Sales (PKR mln)	18,577	16,275	18,038
Turnover Growth	14.1%	-9.8%	44.9%
Gross Margins	23.6%	16.6%	31.5%
Net Profit (PKR mln)	170.9	233.0	525.6
Net Margins	0.92%	1.43%	2.91%

2.3. The key highlights of the performance of the company are:

- Sales revenue up by 14.1% YoY.
- Fuel and Energy constitutes majority of the total production cost
- Other Operating Income constantly supporting the bottom line.
- Increase in financial charges

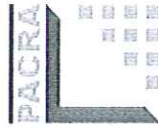
ABC - COGS Composition



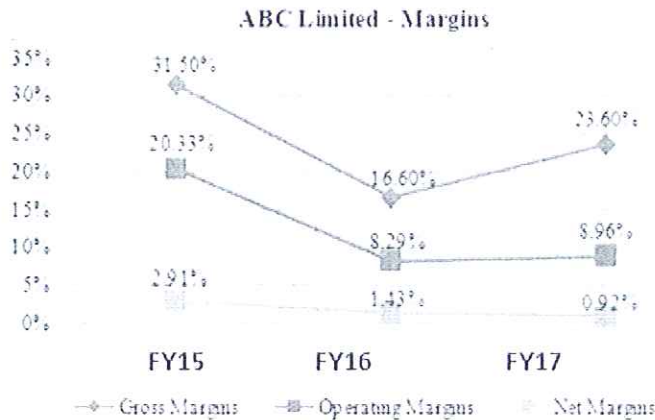
2.4. During the year, other income earned by the company was as follows:

(PKR mln)

Other Income	FY17	FY16	FY15
Dividends from associates	951	766	707
Profit/(Loss) on sale of assets	22	21	13
Surplus/(Deficit) on revaluation	-119	-	-257
Other operating income/(expense)	79.1	3.7	-18.1



THE PAKISTAN CREDIT RATING AGENCY LIMITED



3. FINANCIAL RISK

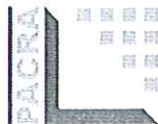
3.1. ABC Limited enjoys strong financial strength, which is depicted by its association with its wealthy sponsors having other business concerns in the textiles, power generation and real estate sectors. The sponsors carry the requisite ability and have demonstrated support to inject equity in the company, in case the need arises.

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3.2. During the year, the financial performance of the company was as follows;

- Debt maturity mismatch
- Right issue announced thrice over the past three years
- Highly volatile Equity base
- Substantial revaluation reserve
- Large change in net cash cycle compared to last year (PKR mln)

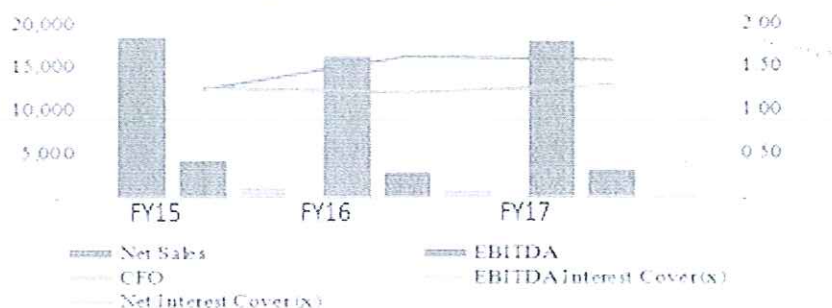
Performance Indicators	FY17	FY16	FY15
Investments	17,386	15,437	10,958
Long-term Debt (LTD)	4,881	5,089	4,376
Short-term Debt	8,692	9,585	9,069
Current Maturity of LTD	2,002	2,139	4,764
Equity	30,217	26,519	20,918



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Cash Flow from Operations	340	842	1.148
Net Cash Cycle	-16.63	12.65	6.22
EBITDA coverage ratio (x)	1.57	1.62	1.82
Total Debt Payback Period (years)	5.57	5.26	4.75
Industry av. EBITDA coverage (x)	5.45	3.48	1.8
Industry av. Debt Payback period (years)	5.69	6.54	3.14

ABC Limited - Cash Flows & Coverages



Questions: (Use attached financials to answer questions wherever necessary)

- The support analyst has noted that cement prices volatility is the main reason behind revenue fluctuations observed over the past three years. Calculate the price of cement over last three years and state whether you agree or disagree with his observation? [4]
- The Rating Committee observes that ABC Limited is outperforming the industry in terms of capacity utilization levels. Cite a possible reason and comment on overall cement supply & demand dynamics in the industry. [4]
- Identify the company's main input cost. Write down *two* possible risks that the company faces with respect to this cost? [4]
- ABC Limited's Finance Manager states that the company's bottom-line is supported by substantial *non-core income* generated through dividend received from its subsidiaries. He argues that this should be considered a positive factor for ABC's rating, even if it is not the company's core income. Do you agree with the Finance Manager? Support your answer with reasons. [4]
- Your Rating Manager wants to know that why ABC Limited's operating and net margins have not improved as much as its gross margins in FY17. Give him a possible explanation. [4]
- Analyst 1 and Analyst 2 are in an argument. Analyst 1 believes that Net Profit is the better indicator of debt-repayment ability as it depicts actual profitability, while Analyst 2 is arguing in favor of Cash Flow from Operations (CFO). Who do you agree with and why? [4]
- You have noticed that the EBITDA coverage ratio for ABC Limited is significantly below the industry average. Is this a positive factor for rating? Support your answer with a reason. [4]

10
5
2

5/1 100
(25)
(20)
55

100
(30)
(20)
50



THE PAKISTAN CREDIT RATING AGENCY LIMITED

- ✓ 8. Your manager points out that the net cash cycle has turned negative in FY17. Give plausible reasons as to why could this have occurred and if this is favorable for the company or not? [4]
- ✓ 9. The rating committee sees a decline in leveraging as a positive factor for the company. They want to know how the company has reduced leveraging despite lower profitability. [4]
- ✓ 10. Using some of the conclusions drawn from the questions above, conclude your analysis by proposing a rating for **ABC Limited** to the rating committee. You should also give a brief rational (2-3 lines). [4]



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Name: Hina Harram Qualification: BBA Hons
Date: 14/3/22 DOB: 14-07-1996

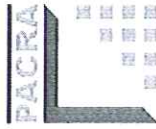
Part IV – A look into your self

1. Describe yourself in your words

My name is Hina. I am a graduate in Business administration from FAST university and currently I am a CFA candidate for level 1. My exam is due on 19th May, 2022. My majors was Finance and wants to develop my career in field of finance. I have a good analytical and Evaluation skills. (3/6)

2. Take an account of your journey in life so far, your education, experiences.....

I've done my O level's from 'The City School - Ravi-campus'. The subjects area was sciences. ~~later~~ Batch (2013-2014). Later I've done A'levels from Lahore grammar school IT campus and my subjects were Accounting, Economic and Business studies. Batch (2014-1). After that I've joined FAST University (2016-2020) for my graduation and completed BBA(Hons) with a CGPA of 3.3. Moreover I've also attended 2 workshops of analytics re google analytics and Tableau. Currently I am enrolled for CFA Level 1 exam, registered. (4/6)



THE PAKISTAN CREDIT RATING AGENCY LIMITED

3. What is your understanding of the position being offered?

4/6 Financial Analyst position role is to evaluate company's financial performance and provide a detail financial analysis by reviewing its current performance through its financial statements, and market analysis, financial position of company compared to market, & also provide guidance / reasons for the current financial situation of company.

4. Current salary and expected salary (now and 2 years from now).

4/6 Current salary expected 40,000 (40k)

Expected salary 2 years from now - 50,000 +

5. Your goals [short term, medium term, long term] both personal and professional.

4/6 My Professional ^{Short term} goals is to complete my CFA 1, along with gaining experience from a well known and recognized company like 'PACRA' from which I'll get a relevant experience and will enhance my skills. I wish to gain my experience from this renowned company, to establish my career in field of finance.

My long term goal is that after completing my CFA and gaining experience ~~for~~ of certain year will help me gain the charter ship of CFA, will therefore will increase my post / designation and I see my self working at a Executive post. ~~it is a well~~

~~My~~ my personal goal is to serve my workplace in a well recognized and well behave manner.



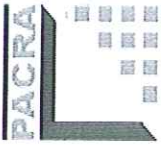
(PKR mln)

ABC Limited (ABC)			
BALANCE SHEET as at	30-Jun-17	30-Jun-16	30-Jun-15
A NON-CURRENT ASSETS			
1 Operating Fixed Assets - Owned and Leasehold	25,985.48	25,772.65	26,096.00
2 Intangible Assets	-	-	-
3 Other Non-Current Assets	133.22	158.68	166.94
<i>Non-Current Assets</i>	26,118.70	25,931.33	26,262.94
B INVESTMENTS			
1 Associates / Subsidiaries			
a. Equity	17,385.77	15,437.89	10,957.96
b. Debt Securities / Loans	-	-	-
	17,385.77	15,437.89	10,957.96
1 Investment Property	-	-	-
2 Other Investments	-	-	-
a. Equity Securities	-	-	0.52
b. Debt Securities	-	-	-
	-	-	0.52
<i>Investments</i>	17,385.77	15,437.89	10,958.48
C CURRENT ASSETS			
1 Inventories			
a. Stores and Spares	3,543.03	3,017.74	2,935.88
b. Stock-in-trade (WIP and Finished Goods)	862.14	1,036.88	899.84
	4,405.18	4,054.62	3,835.72
2 Trade Receivables	459.30	303.95	513.97
3 Other Current Assets	1,136.56	1,087.16	908.10
4 Cash and Bank Balances	167.64	230.79	243.84
<i>Current Assets</i>	6,168.68	5,676.52	5,501.62
D TOTAL ASSETS (A+B+C)	49,673.14	47,045.74	42,723.04
E CURRENT LIABILITIES			
1 Borrowings			
a. ST Borrowings	8,691.98	9,585.34	9,068.58
b. Current portion of LT borrowings	2,001.57	2,139.28	4,763.94
	10,693.55	11,724.63	13,832.52
2 Trade Payables	1,644.05	376.31	946.11
3 Other Current Liabilities	284.51	1,649.87	1,021.08
4 Provision for Taxation	35.09	35.09	35.09
5 Dividend Payable	-	-	-
<i>Current Liabilities</i>	12,657.19	13,785.89	15,834.80
F NON-CURRENT LIABILITIES			
1 Borrowings	4,880.58	5,089.51	4,375.84
2 Due to Associates	-	-	-
3 Other Non-Current Liabilities	1,917.99	1,651.13	1,593.96
<i>Non-Current Liabilities</i>	6,798.57	6,740.63	5,969.80
G NET ASSETS (D-E-F)	30,217.38	26,519.22	20,918.44
H SHAREHOLDERS' EQUITY			
1 Ordinary Share Capital	4,381.28	3,650.99	3,042.49
2 Preference Share Capital	-	-	-
3 Share Premium Account	4,557.16	3,826.97	3,218.47
4 Revaluation Reserve			
a. Fixed Assets	-	-	-
b. Investments	15,328.39	13,261.69	9,110.93
	15,328.39	13,261.69	9,110.93
5 Revenue Reserves	5,071.83	5,071.83	5,071.83
6 Unappropriated Profit	878.71	707.75	474.73
<i>Shareholders' Equity</i>	30,217.38	26,519.22	20,918.44

PROFIT & LOSS ACCOUNT for the period ended

ABC Limited (ABC)

	30-Jun-17	30-Jun-16	30-Jun-15
A Turnover	18,577.20	16,275.35	18,038.21
B Operating Costs	(14,192.23)	(13,569.99)	(12,358.48)
C Gross Profit	4,384.97	2,705.36	5,679.73
D Operating Expenses			
1 Administrative and General Expenses	(211.36)	(172.44)	(141.85)
2 Selling and Marketing Expenses*	(2,508.56)	(1,183.43)	(1,871.52)
	(2,719.93)	(1,355.87)	(2,013.37)
E Operating Profit / (Loss)	1,665.04	1,349.49	3,666.36
F Income From Associates			
1 Dividend	951.35	765.93	707.23
2 Share of Profit/(Loss)	-	-	-
	951.35	765.93	707.23
G Others			
1 Profit/(Loss) on Sale of Assets	21.74	20.61	13.27
2 Income from Investments	-	-	0.07
3 Surplus / (Deficit) on revaluation	(118.84)	-	(257.39)
4 Other Operating Income/(Expense)	79.05	3.65	(18.10)
5 Extraordinary Items	-	-	-
	(18.05)	24.26	(262.16)
H Profit / (Loss) before Financial Charges	2,598.35	2,139.68	4,111.43
I Financial Charges			
1 Interest Income	54.52	121.49	2.71
2 Interest Expense	(2,051.68)	(1,902.76)	(2,606.36)
3 Foreign Exchange Gain/(Loss)			(730.89)
	(1,997.16)	(1,781.28)	(3,334.53)
J Profit / (Loss) before Taxation	601.19	358.40	776.90
K Taxation	(430.23)	(125.38)	(251.32)
L Net Income / (Loss)	170.96	233.02	525.58
M Unappropriated Profit/(Loss) Brought Forward	707.75	474.73	(50.85)
N Available for Appropriation	878.72	707.75	474.73
O Appropriations			
1 Reserves	-	-	-
2 Dividends			
a. Stock	-	-	-
b. Cash	-	-	-
P Effect of change in Accounting Policy (+/-)	-	-	-
Q Unappropriated Profit Carried Forward	878.71	707.75	594.59



(PKR mln)

ABC Limited (ABC)

CASH FLOW STATEMENT for the period ended

30-Jun-17

30-Jun-16

30-Jun-15

A CASH FLOWS FROM OPERATING ACTIVITIES

1 Profit Before Tax	601.19	358.40	776.90
2 Adjustments for:			
a. Depreciation/Amortization	1,430.41	1,392.56	1,368.95
b. Interest Expense/(Income)	2,051.68	1,902.76	3,294.34
c. Others (+/-)	(951.35)	(766.40)	(707.23)
	2,530.73	2,528.93	3,956.06
EBITDA	3,131.93	2,887.33	4,732.96
3 Adjustments for other Non-Cash Charges/Items	118.63	51.88	291.74
	3,250.55	2,939.20	5,024.70
4 Changes in Working Capital			
a. (Increase)/Decrease in Current Assets	(418.91)	11.04	(1,260.33)
b. Increase/(Decrease) in Current Liabilities (Excl. Debt)	(35.71)	244.35	65.62
	(454.62)	255.40	(1,194.71)
Cash Generated from Operations	2,795.94	3,194.60	3,829.99
5 Financial Charges Paid	(2,113.59)	(2,088.11)	(2,439.25)
6 Taxation Paid	(312.12)	(260.49)	(235.68)
7 Others (+/-)	(30.04)	(4.00)	(7.06)
	(2,455.75)	(2,352.59)	(2,681.99)
Net Cash provided by Operating Activities	340.19	842.01	1,147.99

B CASH FLOWS FROM INVESTING ACTIVITIES

1 Capital Expenditure	(1,672.61)	(1,079.49)	(1,995.63)
2 Proceeds from sale of Fixed Assets	39.39	16.79	4.08
4 (Purchase)/Sale of Investments	-	(249.45)	(38.88)
5 Income from Investments	993.50	768.95	749.45
6 Others	23.69	8.49	356.11
Net Cash (Used in)/Available From Investing Activities	(616.03)	(534.71)	(924.88)
C Cash In/(Out) Flow Pre-Financing	(275.85)	307.29	223.11

D CASH FLOWS FROM FINANCING ACTIVITIES

1 Proceeds from Issue of Ordinary Shares	1,460.40	1,216.99	1,014.16
2 Dividends Paid	(0.00)	(0.03)	(0.53)
3 Net increase (decrease) in short term borrowings	(893.36)	-	-
4 Net increase (decrease) in long term borrowings	(346.65)	-	(2,689.69)
5 Rentals against finance lease	-	-	(1.14)
6 Others (+/-)	-	-	-
	220.39	1,216.96	(1,677.20)

Non recurring/unusual and non core (expense) income

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	830.51	(530.12)	(1,454.09)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	(9,354.85)	(8,824.73)	(7,370.65)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	(8,524.34)	(9,345.85)	(8,824.73)



ABC Limited (ABC)

RATIO ANALYSIS

30-Jun-17

30-Jun-16

30-Jun-15

A EARNINGS/PROFITABILITY

1 Turnover Growth	14.14%	-9.77%	44.93%
2 Gross Margin	23.60%	16.62%	31.49%
3 Operating Margin	13.99%	13.15%	#REF!
4 Pre-Tax Profit Margin	3.24%	2.20%	4.31%
5 Net Profit Margin	0.92%	1.43%	2.91%
6 Effective Tax Rate	71.56%	34.98%	32.35%
7 Pre-Tax Return on Equity	1.99%	1.35%	3.71%
8 Return on Equity (ROE)	0.57%	0.88%	2.51%
9 Return on Assets (ROA)	0.34%	0.50%	1.23%

B COVERAGE

1 Short-term Debt Payback (Years)	3.82	3.67	3.61
2 Total Debt Payback (Years)	5.57	5.26	4.75
3 Net Debt Payback (Years)	5.51	5.19	4.55
4 Net Debt / EBITDA	4.92	5.74	4.36
5 EBITDA Net Interest Cover (X)	1.57	1.62	1.82
6 Net Interest Cover (X)	0.30	0.20	0.30

C LIQUIDITY

1 Current Ratio (X)	1.86	1.53	1.04
2 Quick Ratio (X)	1.51	1.24	0.80
3 Average Inventory Held (Days)	0.00	12.09	19.87
4 Average Trade Debtors (Days)	4.51	9.17	8.90
5 Gross Cash Cycle (Days)	4.51	21.26	28.78
6 Average Trade Creditors (Days)	21.14	8.61	22.56
7 Net Cash Cycle (Days)	(16.63)	12.65	6.22

D FINANCIAL STRUCTURE

1 Current Debt/Total Debt	68.66%	69.73%	75.97%
2 Total Debt/Equity	51.54%	63.40%	87.04%
3 Net Debt/Equity	50.99%	62.53%	85.88%
4 Equity/Total Assets	60.83%	56.37%	48.96%
5 Total Debt/Adjusted Equity (Net of Rev. Surplus)	104.60%	126.83%	154.21%
6 Total Liabilities/Equity	64.39%	77.40%	104.24%
7 Total Debt/(Total Debt+Equity)	34.01%	38.80%	46.54%
8 Average Borrowing Cost	12.82%	10.59%	14.30%

Part III - financial analysis :

Q2 ans:- ABC limited is outperforming the industry in terms of capacity utilization levels, as shown in the financials the overall profitability is increasing in the following years, for e.g. ROA increased from 0.34% to 1.23%. meaning the assets are utilized efficiently with respect to net income earned. The demand increased due to low freight cost for domestic sales, moreover raw materials used was also located near the plant which saved transportation cost. The Exports were highest in FY 17 i.e 1.30 and lowest in 0.81, which can be due to economic downfall or less production (3)

Q3 ans:- The main input cost can be raw material cost used in the industry. The main risk faced can be high increase in cost of raw material or shortage of raw material due to some economic recession or downfall which can affect overall production level & cost ~~of~~ ~~which~~ affecting the overall performance. (3)

Q4 ans:- It is important for the business to generate its own core income which reflects its profitability level and performance of the company where it lies. Although dividend received from subsidiaries supports company's bottom line, it's better in a sense that low level production would not stop & labor will be motivated. So its (3) positive factor considered for Rating ABC

Q5 ans) Reason for company's operating & Net margin have not much improved as compared to Gross margin, can be due to high cost of sales including ^{high} purchase of raw material or costly raw material & labor cost or moreover due to high Receivables which has increased the Gross profit and overall GP margin. which indicates more portion or percentage of sales has been used in Gross sales (3) ~~which~~ which reduce the net income / profit overall, and have not improved

Q6 Analyst 2 is agreeable, as Cash flow from operations indicates the cash that is being left after all business operating activities. Higher the better. ^{positive}
from the table we can also see that with the increase of CFO the total debt payback period years is improved and shorter, which indicates that company is efficient in paying debt in shorter period. (2)

Q7 EBITDA coverage ratio is below industry average which is ~~not~~ a positive factor for rating as it indicates ~~low performance of company~~ company's ability to pay its interest expense. ~~also~~ This ~~indicates~~ ^{reflects} its efficiency and low debt ratio with low interest margin, Also it shows how efficient and by what amount of EBITDA the interest expense is covered. (2)

Q8) This means company requires less time to sell its inventory and receive cash, than it does to pay to its supplier. This reflects that timely payments are done to suppliers and there are no outstanding debt or obligations. (2) so its a favourable for company.

Q9) decline in leveraging has been done by reducing the assets and effectively utilizing and managing them in order for profitability. (2)

Q10):- overall the company is best in the performance of capacity utilization, ~~but low~~. In terms of liquidity, meaning efficient in converting asset to cash in order to mitigate the risk, and overall financial structure is also improved. (2)