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DOB: 05 December, 1995

ANDLEEB ZAHRA

PERSONAL SUMMARY

Currently I am working as visiting faculty at Govt. Islamia College, Cooper Road Lahore. I completed my BBA (Hons.) with distinction (Gold-medalist) from Lahore College for Women University in 2018. After that I took admission in M.Phil. in Business Administration at Institute of Business Administration (IBA) Punjab University.

EDUCATION

M.Phil. Business Administration (Contd.) **2019-2021**

Institute of Business Administration,
University of the Punjab, Lahore
CGPA: 3.85

BBA (Hons.) Finance **2014-2018**

Department of Management Sciences,
Lahore College for Women University, Lahore,
CGPA: 3.70 (Gold-Medalist)

FSc. (Pre_Engr.) BISE Lahore **2012-2014**

Lahore College for Women University, Lahore
801/1100 (1st Division)

Matric BISE Lahore **2010-2012**

935/1050 (1st Division) A+ Grade

ACHIEVEMENTS

GOLD MEDAL

Secured first position among my batch from 2014-2018.

ROLL OF HONOR

Awarded by ROLE OF HONOR by Lahore College For Women University.

WON AN INTERNSHIP

Won internship at Nestle Pakistan by taking part in QUIZ and poster competition

DISTINCTION CERTIFICATE

Scored 1st position in BBA (Hons.) and received MERIT CERTIFICATE from Lahore College for Women University.

RESEARCH PROJECTS

1. How does Servant Leadership fuel Work Engagement and Knowledge-Sharing? A moderated framework.
2. The effect of Student resilience and Psychological well-being on Academic performance in the context of online classes in Pakistan.

3. Impact of social media influencer on the purchase intention of generation Z customers, through wishful identification. The moderating role of product-endorser fit.
4. Impact of dynamic presentation and shopping convenience on consumers' behavioral intention. The moderating role of promotions and discounts.
5. Brand evangelism through the lens of gratitude. Moderating role of consumer attitudes.

WORK EXPERIENCE

Working as a **Visiting lecturer at Govt. Post Graduate Islamia College (W), Cooper Road Lahore** since September 2020. Subjects taught are Accounting and Marketing.

HR Intern at Descon Power Solutions from April to July 2019. Screened Resumes, conducted telephonic interviews, maintained the master sheet in MS Excel, File management and maintaining personnel record.

Project trainee in Nestle Pakistan Limited head office from December 2018 to February in Agricultural Services department. Prepared of MS Excel file for SAP record updation of Asset transfers, worked on sold assets (deletion) and asset purchases (addition of assets).

Finance Intern at Nestle Pakistan Limited for six weeks from August-September 2017 in Business Unit Family Dairy. Worked on trend analysis of KPIs, PFME tracking etc. I also took part in IBO meeting by collecting data and preparing presentation material.

Marketing Intern at Atlas Honda Limited (AHL) from July-August 2016. Participated in order taking, customer relationship management, preparing customer files and maintaining customer data, approving customers by matching their documents with requirements, dispatching and solving customer problems.

CERTIFICATIONS

Participated in the 1st international conference on EMERGING ISSUES IN MANAGEMENT SCIENCES.

Participated in the CHANGEMAKING Competition 2016 (British Council)

Participated in Nestle Healthy Women Program 2018.

SKILLS	Computer Skills: Proficient in MS Word, MS PowerPoint, MS Excel, SPSS Interpersonal and Communication Skills: Strong verbal and written communication skills. Can speak fluent English.
INTERESTS	Internet surfing, Newspaper reading, Sports (Table Tennis and Badminton)
REFERENCES	Can be furnished upon demand.



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Total sections: V

SUGGESTED ALLOCATED TIME: 100 MINUTES

Part 1: General knowledge: 10/20
Part 2: Financial Concepts: 4/10
Part 3: Financial Analysis: 15/40
Part 4: A look into yourself: 20/30

Total Marks: 49
Percentage: _____

Name: Andleeb Zahra.

Date: 28th September, 2021.

Signature:

Kindly Rank the difficulty level of the Test:

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



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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



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

✓ 8. Which number should come next in the series: 1, 3, 6, 10, and 15? 21
 $+2 +3 +4 +5 +6$

✓ 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

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

Trainee



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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.

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



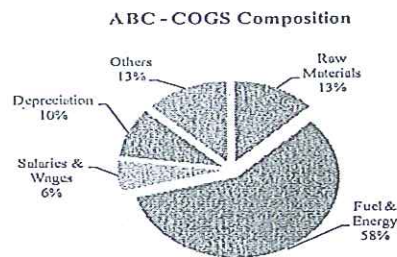
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(PKR mln)

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



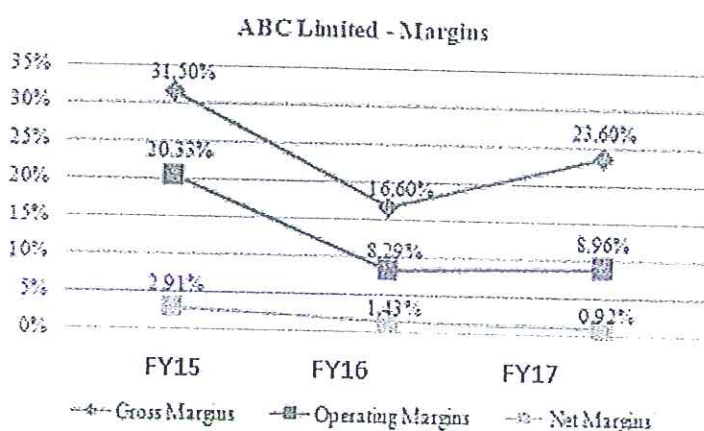
2.4. During the year, other income earned by the company was as follows:

(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

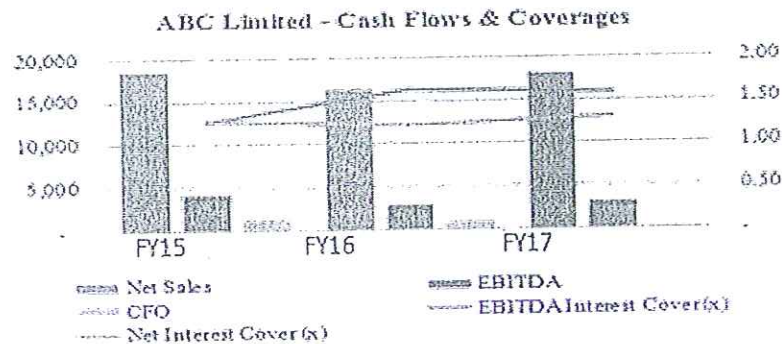
3.1. ABC Limited enjoys strong financial strength, which is depicted by its association with its wealthy sponsors having other business concerns in the textiles, power generation and real estate sectors. The sponsors carry the requisite ability and have demonstrated support to inject equity in the company,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

- 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
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

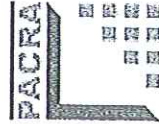


THE PAKISTAN CREDIT RATING AGENCY LIMITED



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

1. 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] 1
2. 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] 3
3. Identify the company's main input cost. Write down *two* possible risks that the company faces with respect to this cost? [4] 2
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] 1 *net income / EAT*
5. 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] 2 *Sales - costs*
6. 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] 3
7. 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] 3
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] 1
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] 0
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] 0



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Name: Andleeb Zahra Qualification: M.Phil. in Business Ad
Date: 27th September 2021 DOB: 05/12/21

Part IV – A look into your self

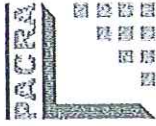
1. Describe yourself in your words

I am Andleeb Zahra. I've done my BBA (Hons.) from Lahore College with CGPA 3.70 (Gold Medalist). I've recently completed my M.Phil. from Punjab University. I am punctual and hardworking. I love to play table tennis. Now I feel ready to start my professional career. I want to learn and grow.

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

Well, as described above I have completed my degree recently. I've been studying business courses since six years. Additionally, I have worked in various organizations (Atlas Honda, Nestlé Pakistan, Descon Power Solutions) as intern and trainee.

In my recent degree, I have learned to look at things in different way. It has helped me to learn that things can be done differently. That's what philosophy makes us understand.



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

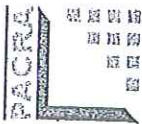
Financial Analyst is someone who deeply studies not only the financial performance of companies but also analyzing the factors that are not part of financial statements. To meet with with CEOs and executives and to perform the task assigned.

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

My salary expectation is ~~to~~ Rs. forty thousand per month. In two years, I expect to earn a six figure salary.

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

I believe that in addition~~ed~~ to building a family of my own, I should build myself alongside. It keeps one going. Career helps to compensate if for anything bad or tragic happen in life. My goal is to build my career/professional life. To learn and grow both personally and professionally. To become a better version of myself. To treat everybody nicely.



(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>	<u>26,118.70</u>	<u>25,931.33</u>	<u>26,262.94</u>
B INVESTMENTS			
1 Associates / Subsidiaries			
a. Equity	17,385.77	15,437.89	10,957.96
b. Debt Securities / Loans	-	-	-
1 Investment Property	17,385.77	15,437.89	10,957.96
2 Other Investments	-	-	-
a. Equity Securities	-	-	0.52
b. Debt Securities	-	-	-
<i>Investments</i>	<u>17,385.77</u>	<u>15,437.89</u>	<u>10,958.48</u>
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
2 Trade Receivables	4,405.18	4,054.62	3,835.72
3 Other Current Assets	459.30	303.95	513.97
4 Cash and Bank Balances	1,136.56	1,087.16	908.10
	167.64	230.79	243.84
<i>Current Assets</i>	<u>6,168.68</u>	<u>5,676.52</u>	<u>5,501.62</u>
D TOTAL ASSETS (A+B+C)	<u>49,673.14</u>	<u>47,045.74</u>	<u>42,723.04</u>
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
2 Trade Payables	10,693.55	11,724.63	13,832.52
3 Other Current Liabilities	1,644.05	376.31	946.11
4 Provision for Taxation	284.51	1,649.87	1,021.08
5 Dividend Payable	35.09	35.09	35.09
<i>Current Liabilities</i>	<u>12,657.19</u>	<u>13,785.89</u>	<u>15,834.80</u>
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>	<u>6,798.57</u>	<u>6,740.63</u>	<u>5,969.80</u>
G NET ASSETS (D-E-F)	<u>30,217.38</u>	<u>26,519.22</u>	<u>20,918.44</u>
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
5 Revenue Reserves	15,328.39	13,261.69	9,110.93
6 Unappropriated Profit	5,071.83	5,071.83	5,071.83
	878.71	707.75	474.73
<i>Shareholders' Equity</i>	<u>30,217.38</u>	<u>26,519.22</u>	<u>20,918.44</u>

(PKR mln)

ABC Limited (ABC)

PROFIT & LOSS ACCOUNT for the period ended

	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)
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)	-	-	-
G Others	951.35	765.93	707.23
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	-	-	-
H Profit / (Loss) before Financial Charges	(18.05)	24.26	(262.16)
I Financial Charges	2,598.35	2,139.68	4,111.43
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)	(1,997.16)	(1,781.28)	(730.89)
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

A CASH FLOWS FROM OPERATING ACTIVITIES

	30-Jun-17	30-Jun-16	30-Jun-15
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

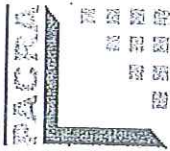
1 Capital Expenditure	(1,672.61)	(1,079.49)	(1,995.63)
2 Proceeds from sale of Fixed Assets	39.39	16.79	4.08
4 (Purchase)/Sale of Investments	-	(249.45)	(38.88)
5 Income from Investments	993.50	768.95	749.45
6 Others	23.69	8.49	356.11
Net Cash (Used in)/Available From Investing Activities	(616.03)	(534.71)	(924.88)
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)	(9,354.85)	(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%	44.9
2 Gross Margin	23.60%	16.62%	31.4
3 Operating Margin	13.99%	13.15%	#REF!
4 Pre-Tax Profit Margin	3.24%	2.20%	4.3
5 Net Profit Margin	0.92%	1.43%	2.9
6 Effective Tax Rate	71.56%	34.98%	32.3
7 Pre-Tax Return on Equity	1.99%	1.35%	3.7
8 Return on Equity (ROE)	0.57%	0.88%	2.5
9 Return on Assets (ROA)	0.34%	0.50%	1.2

B COVERAGE

1 Short-term Debt Payback (Years)	3.82	3.67	3.6
2 Total Debt Payback (Years)	5.57	5.26	4.1
3 Net Debt Payback (Years)	5.51	5.19	4.5
4 Net Debt / EBITDA	4.92	5.74	4.1
5 EBITDA Net Interest Cover (X)	1.57	1.62	1.8
6 Net Interest Cover (X)	0.30	0.20	0.3

C LIQUIDITY

1 Current Ratio (X)	1.86	1.53	1.1
2 Quick Ratio (X)	1.51	1.24	0.9
3 Average Inventory Held (Days)	0.00	12.09	19.1
4 Average Trade Debtors (Days)	4.51	9.17	8.1
5 Gross Cash Cycle (Days)	4.51	21.26	28.1
6 Average Trade Creditors (Days)	21.14	8.61	22.1
7 Net Cash Cycle (Days)	(16.63)	12.65	6.2

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%

Answer # 1

Answer # 2

The industry average capacity utilization is 76.2% whereas ABC Limited capacity utilization is 93%. The overall capacity of ABC is 4.01 MT/anum. The reasons for ABC's comparatively higher capacity utilization is its export avenues to Afghanistan and its favorable location towards consumption centers, channels of distribution and northern borders resulting in lower freight costs. That's why ABC is utilizing its capacity to explore export avenues. 3

Answer # 3

Main input costs are raw materials costs i.e. limestone, clay and gypsum and fuel and energy costs i.e. 58%. Possible risks include dollar price fluctuations and increase in financial charges. 2

Answer # 4

If we compare the financial performance of ABC Limited with the industry, it can be seen

that ABC Limited is performing well. Furthermore, export avenue to Afghanistan could be a big opportunity to tap that market. In addition, ABC substantial non-core income can not be ignored. Therefore, I agree with Finance Manager. Credit rating should not only be based on core income. 1

Answer # 5

Gross margin has improved substantially due to decrease in cost of production e.g. freight cost and increase in sales i.e. exports. Whereas, operating and net margins have not improved much because there is no change in interest and tax rates. 2

Answer # 6

Credit rating depends on the overall operations of the business. I agree with analyst 2 supporting Cash Flow from operations. Reasons include that repayment ability depends on the availability of cash/profit and overall cash management. 3

Answer # 7

EBITDA (Income before interest and tax) of ABC Limited is below the average of industry.

This is not a good sign. EBITDA of ABC is 1.57 whereas industry average is 5.45. ABC core income is low but non-core income is substantially high like dividend from subsidiaries.

Answer # 8

Net cash cycle has turned negative. This is not a good sign. The possible reason could be the more payment and low receipts of cash. Maybe, most sales are credit sales.

Answer # 9

Leveraging is taking advantage of other's capital/money by paying as slowly as possible. ABC Limited has ~~de~~ seen decline in leveraging despite lower profitability. This could be done by effective cash management techniques. Managing cash receipts and disbursements.

Answer # 10

The credit rating for ABC Limited is 7 out of 10. Ratios include not only its current profit, comparative industry figures but also export potential, dividends from associates, profit on sales of assets and other operating income.