

Noreen Altaf

Management Trainee Officer at Serena Hotel

Disciplined and enthusiastic Accounting and Finance graduate, aiming to add value to a dynamic team while building skills and acquiring new knowledge. Exceptional ability to work in teams on any project.

✉ noreen.altaf11@gmail.com

☎ 03330689338

📍 Lahore, Pakistan

EDUCATION

ACCA

06/2021 - Present

Three Exams Remaining

BS Accounting and Finance NUST Business School

10/2017 - 06/2021

3.54

WORK EXPERIENCE

Management Trainee Officer Serena Hotel

09/2021 - Present

Islamabad

Achievements/Tasks

- Rotations in all the departments

Content Writer Upwork

03/2021 - Present

International Clients

Achievements/Tasks

- Writing articles related to business and finance

Finance Officer RAAR

02/2020 - Present

Islamabad

A start-up aimed at providing electric bikes to university students on rental basis.

Achievements/Tasks

- Sales pitch to the venture capital firms
- Company valuation and analysis

Founder Pristine Naturals

06/2020 - Present

Lahore

A home based startup aimed at providing organic hair and skin care products through an online store.

Achievements/Tasks

- Marketing the products on social media
- Forming the financial statements
- Dealing with the suppliers and customers

Intern WWF PAKISTAN

06/2018 - 07/2018

Lahore

Achievements/Tasks

- Community services project about avoiding the use of plastic
- Implementation of the project held in Pioneer Public School, Lahore
- Awareness session in DHA, Lahore

SKILLS

Presentation

Teamwork

Communication

Leadership

Time management

Learning agility

Self motivation

Stress management

Critical thinking

Microsoft Excel

Stata

Article writer

Content writer

PERSONAL PROJECTS

School Of Leadership (12/2017)

- Formed a marketing plan for SOL, Pakistan which is a company working nationwide to enhance the leadership qualities of the youth

Khattak Sons Ltd. (01/2019)

- Worked with the finance director of Khattak sons Ltd. to create an understanding of their financial sector

Media Times Limited (12/2019)

- Stock valuation by different models including DDM, RIM, FCF models
- Forecasting the income statement in MS Excel

Toyota Motors (12/2019)

- Forecasting items of financial statements through univariate and multivariate analysis in stata

CERTIFICATES

MS Excel Training (04/2019)

Completed the training for MS Excel from NUST Business School

LANGUAGES

English

Full Professional Proficiency

Urdu

Professional Working Proficiency

INTERESTS

Travelling

Reading

Writing

Movies

Music

Article writing

Puzzles

Baking

Community service



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Total sections: IV

SUGGESTED ALLOCATED TIME: 100 MINUTES

Part 1: General knowledge: 10/20

Part 2: Financial Concepts: 04/10

Part 3: Financial Analysis: 23/40

Part 4: A look into yourself: 15/30

Total Marks: 52

Percentage: 52%

Chm. 16/3/22

Name: Noreen Attaf

Date: 11-03-2022

Signature: *[Signature]*

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:

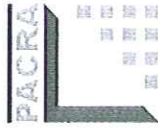
- a. 1995
- b. 1992
- c. 1994
- d. 1997

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? 2

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?

☒ SHORTer



THE PAKISTAN CREDIT RATING AGENCY LIMITED

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:

X

☐ 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?

X

☐ 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?

X

☐ 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.

$\frac{CA}{CL}$



THE PAKISTAN CREDIT RATING AGENCY LIMITED

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.

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



THE PAKISTAN CREDIT RATING AGENCY LIMITED

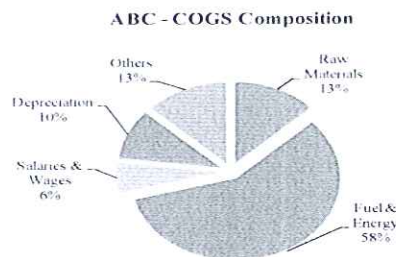
to Afghanistan from northern borders. The plant augmented both the domestic sales and exports of the company.

(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



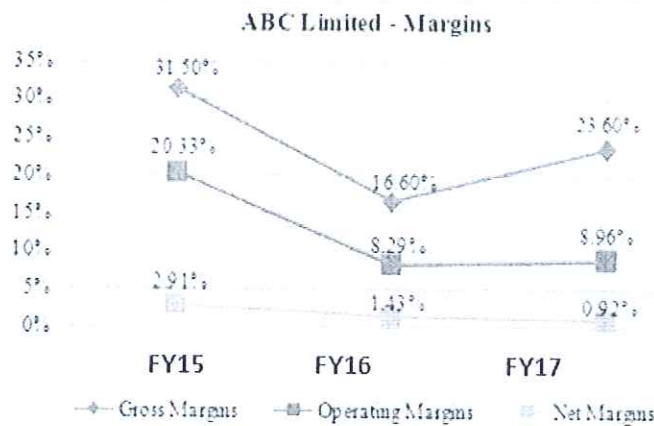
2.4. During the year, other income earned by the company was as follows:

(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.

3.1. 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;

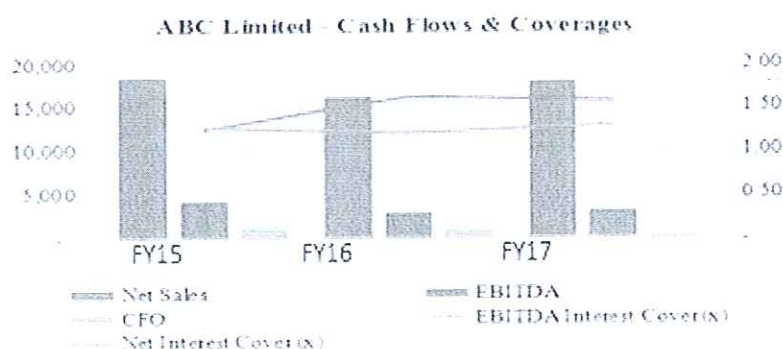
- a. Debt maturity mismatch
- b. Right issue announced thrice over the past three years
- c. Highly volatile Equity base
- d. Substantial revaluation reserve
- e. Large change in net cash cycle compared to last year (PKR mln)

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



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] **3**
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] **4**
3. Identify the company's main input cost. Write down *two* possible risks that the company faces with respect to this cost? [4] **3**
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] **2**
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**
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] **4**
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] **2**



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] 2
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] 1



THE PAKISTAN CREDIT RATING AGENCY LIMITED

Name: Noreen Altaf Qualification: BS ACF / ACCA (10/13)
Date: 11-03-2022 DOB: 27-06-2000

Part IV – A look into your self

1. Describe yourself in your words

I am a passionate individual looking for opportunities to enhance my skills. My major quality that would help me forever is being a hardworker. I give a task whatever it takes to complete it well. I am a team player and always open to learn new things.

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

I have completed my Bachelors in Accounting & Finance from NUST in 2021. After that, I started pursuing ACCA and have ten papers clear until now. I am currently working as a management Trainee in Islamabad Serena Hotel where rotations in all departments (HR, Sales, Finance, Audit) are being conducted. I am currently looking for an opportunity in Lahore and I think PACRA is a great way to excel in my career.



THE PAKISTAN CREDIT RATING AGENCY LIMITED

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

Financial analyst's role is to analyse the financial position of the company in detail. This includes the ~~auto~~ analysis of financial statements and also making forecasts about the future performance and profitability of the company.

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

Current salary — Rs 45000/-

Expected now — Around 55000-60000/-

2 years from now — should be around 90-100k.

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

Personal : My biggest personal goal for short term is to stay independent and help my parents financially. long term goal is to just be patient and calm with whatever life throws at me.

Professional : My goal is to complete my ACCA within 2022, and to have a role that helps me achieve my personal ~~to~~ goals of staying independent. For long term, I want to explore different areas of finance and be on a position that is impactful.



(PKR mln)

ABC Limited (ABC)

BALANCE SHEET as at

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	-	-	-
	<u>17,385.77</u>	<u>15,437.89</u>	<u>10,957.96</u>
1 Investment Property	-	-	-
2 Other Investments	-	-	-
a. Equity Securities	-	-	0.52
b. Debt Securities	-	-	-
	<u>-</u>	<u>-</u>	<u>0.52</u>
<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
	<u>4,405.18</u>	<u>4,054.62</u>	<u>3,835.72</u>
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>	<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
	<u>10,693.55</u>	<u>11,724.63</u>	<u>13,832.52</u>
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>	<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
	<u>15,328.39</u>	<u>13,261.69</u>	<u>9,110.93</u>
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>	<u>30,217.38</u>	<u>26,519.22</u>	<u>20,918.44</u>



(PKR mln)

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%

1) Cement prices calculated for last 3 years are as follows:

	FY17	FY16	FY15
Price for local sales	6495	3970	6374 / ton.
Price for exports	14290	20092	17684 / ton.

It is true that sales price is fluctuating over the years. As for local sales, the price was lower in FY16 which might have impacted the sales value. ~~However~~ This is also evident by the fact that more tons were sold in this year but revenue was low. In case of exports, lower sale of tons can also be a reason for lower revenue.

2) ABC Limited is outperforming the industry due to the advantages that it has. Raw materials are located closer to the plant and exports are easier to Afghanistan from northern borders. Therefore, the location and advantages associated with it can be the reason. Demand and supply is varying for local and export sales. The domestic demand ~~only~~ comprises of 70% of total demand. This figure is bearable if the demand don't decrease further.

3) The main cost for the company is fuel and energy. This constitutes a major 58% of total production cost. One risk is that a further increase or fluctuation can significantly increase the production costs, decreasing the revenues (as prices of fuel can be fluctuated). Another risk is the lack of control over this cost. This has to be incurred, which can affect the company.

4) I think that the rating must be supported by core performance of the company rather than subsidiary's performance. ~~Although the company has complete control over the~~ The portion included in other income is dividend from associates. ABC limited only has a "significant influence" over the associate which suggests that its performance or dividend provided does not affect the core operation's profit for the company.

5) The gross margin represents the cost of selling the goods whereas operating expense impact the operating and net margin. As can be seen in FY17, gross margin has increased but net margin has decreased. The reason can be that ABC Ltd ~~had~~ did not have a control over its operating expenses and they might have increased over the year, ~~thus~~ decreasing the operating and net margin.

6) I agree with Analyst 2. Although Net profit depicts the profitability of the company, it cannot show the assets readily available for the company in order to repay its debt. On the other hand, cashflow from operations show the true picture of cash inflow and outflow. It also shows how much cash is available as it is highly liquid and can be useful for debt repayment.

7) EBITDA coverage shows how much earnings are available for the company to pay the interests. This ratio must be higher to ensure lenders that company would not default. As ~~this~~ this is less than the industry average, it is not a good sign for rating because it shows the company might face difficulty in paying the interests as compared to the industry.

8) Net cash cycle shows the difference between the time of payment to suppliers and time of receiving cash from customers. This, turning negative, might not be good sign because it shows that the difference is higher. This could have happened due to delayed payments from the customers and higher receivable payback period.

9) The leverage of the company has reduced although profitability was low in FY17. This might ~~be~~ have been done with the increase in cash through disposal proceeds of assets or increased portion of income from other investments.

10) ABC limited should be given a positive rating as its net income is positive and the company is still making profits. However, the future increase or decrease in the net profits or overall profitability should constantly be analysed due to high fluctuations and negative environment.