

1. Great textile PLC is a listed company in CSC which is engaging textile manufacturing for European market. Over the last 5 years company has expanded rapidly. Recently company has invested in large investment in new equipment's to produce synthetic fabric.

However this investment cause for high gearing & also avg share price has doped over the last year. (Last three years share price are as follows. 2016 = Rs.1.34, 2015 = Rs. 1.67, 2014= Rs.1.56, total shares 450Mn)

The company's recent financial performances are as follows

Summary of Income statement

	2014	2015	2016
	Rs Mn	Rs Mn	Rs Mn
Revenue	1,460	1,560	1,915
Operating cost	(1,153)	(1,279)	(1,724)
Operating Profit	307	281	191
Interest	(35)	(74)	(95)
PBT	272	207	96
Taxation	(87)	(66)	(31)
Profit for the year	185	141	65

Summary of financial position

	2014	2015	2016
	Rs Mn	Rs Mn	Rs Mn
Assets			
Non-current assets	1,120	1,778	2115
Current Assets	235	285	341
Total Assets	1,355	2,063	2456
Equity & Liabilities			
Share Capital	230	230	230
R/A	204	344	410
LT Borrowings	465	991	1,261
C: Liabilities	456	498	555
Total Equity & Liabilities	1,355	2063	2,456

CFO Finds that relevant Z score for the industry are as follows

$$Z=1.2*X1 + 1.4*X2 + 3.3*X3 + 0.6*X4 + 1.0*X5.$$

Comment on the result of above as per Altman & critically assess the Great textile PLC financial performances