

EFFECT OF CASH CONVERSION CYCLE ON PROFITABILITY OF FERTILIZER
SECTOR OF PAKISTAN



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A research thesis is submitted in partial fulfilment of the requirement for the degree of MBA

Department of Management Sciences Bahria Institute of Management and Computer Sciences
Bahria University Islamabad 2015.

DECLARATION

I hereby declare that the thesis work title “EFFECT OF CASH CONVERSION CYCLE ON PROFITABILITY OF FERTILIZER SECTOR OF PAKISTAN” which is submitted to the BUI Islamabad, is the record of the new work finished under the supervision of Dr. Taqadus Bashir, faculty of management sciences, Bahria university, and the this thesis work is submitted in the partial fulfillment of requirement for the award of the degree of Master of business Administration in management sciences.

ACKNOWLEDGEMENT

First I would like to say ALLHAMDULILLAH, who is the most merciful and most beneficial, for giving me the strength and health to do this work until it was done. I would like to express my gratitude towards my parents especially, and supervisor, for the encouragement which help me in completion of thesis.

Apart from the effort of me, the success of any work depends largely on the encouragement and guidelines of many others. I take this opportunity to express my guideline to the people who have been instrumental in the successful completion of the thesis.

I would like to show my appreciation to Mam Dr. Taqadus Bashir. I can say thank to her for her tremendous support and help. I feel motivated and encourage every time. Without his encouragement and guidance, this thesis would not have completed.

The guidance and support received from my member who contributed and who are contributing to this thesis, was vital for the success of this thesis. I am grateful for their constant success and help

Dedication

I dedicate my work to my family whose prayers have made it possible for me to accomplish so much and have been a constant source of motivation for me throughout my academic career. I also dedicate my work to my friends for inspiring and encouraging me at every stage.

Abstract

Working capital management (WCM) is one of the main tasks of the financial manager of the company and has an important role in achieving the objectives, policies and achievements of the company and increasing shareholders' wealth. Cash conversion cycle (CCC) is a measure of WCM and controlling this cycle can affect a company's profitability. The association between the CCC and profitability of companies listed in KSE (with emphasis on the type of industry) was investigated in this study. The criterion ROE was used to measure the profitability. The study population is companies listed in KSE in fertilizer industry used a 7 companies as a sample. Time period to test the hypothesis include a period of five years based on financial statements from 2010 to 2014. The study has one hypothesis in which the relationship between the CCC and profitability has been tested in separately. Regression analysis has been used to test the hypothesis. Overall, the results shows that there is negative relationship exist between cash conversion cycle and profitability of firm in fertilizer sector.

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