

# ACQUISITION OF ENGRO FOODS BY FRIESLAND CAMPINA (2016)

BY

<b>MARIAM RAUF</b>	<b>57756</b>
<b>ADEEL FAROOQ</b>	<b>57382</b>
<b>SIDDIQUE WAHID</b>	<b>57760</b>

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## PROJECT APPROVAL STATEMENT

### APPROVAL FOR EXAMINATION

Candidate's Name: Muhammad Adeel Farooq      Registration No.: 57382

Candidate's Name: Mariam Rauf      Registration No.: 57756

Candidate's Name: Siddique Wahid      Registration No.: 57760

Project Title: Acquisition of Engro Foods by Friesland Campina - 2016

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at 15% that is within the permissible limit set by the HEC for the BS thesis. I have also found the thesis in a format recognized by the Department of Management Studies.

Supervisor's Signature: Fazeelat Masood

Date: 04<sup>th</sup> Aug 2022

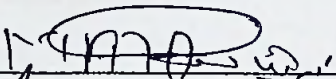
Supervisor's Name: Fazeelat Masood

HOD's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## DECLARATION OF AUTHENTICATION

I, hereby, declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

Student's Signature: 

Student's Signature: Mariam

Student's Signature: Lidly

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## ABSTRACT

A company's ability to make a profit determines whether it can obtain bank financing, draw in investors to finance its operations, and expand. The factors that affect profitability are discussed in this study. Although, Return on Assets and Return on Equity are commonly used to measure profitability of any firm but this study, also incorporated Return on sales to measure the performance. Return on sales is also one of the key factors to assess company's performance after the merger that how much a company gets return from sales cumulatively. The purpose of this study is to analyze Engro Foods and Friesland Campina financial performance after the acquisition of Engro foods by Friesland Campina. Moreover, using ratios and graphical representations, this study investigated the determinants of Sales for both the companies after the acquisition from 2017-to current year. The results show that mostly during the studied period, Engro's ratios are inversely moving as compared to the industry specially in down times. Also, ratios highlight that current ratio and firm size are significant drivers of food sector listed firms in Pakistan. Thus, managers could further improve their firms' profitability by focusing on these two financial ratios i.e., return on assets and return on equity. Profitability and liquidity ratios analysis showed a declining trend causing negative impact on the performance of the company.

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