

STUDYING THE IMPACT OF CASH CONVERSION CYCLE (CCC) ON FINANCIAL PERFORMANCE OF AUTOMOBILE INDUSTRY PRE, DURING AND POST COVID-19

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A Project submitted to Department of Management Studies, Bahria Business School, Bahria University – Karachi Campus, in partial fulfillment of the requirement for BS A&F Degree



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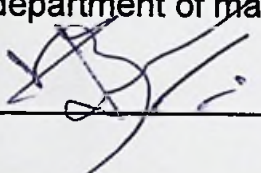
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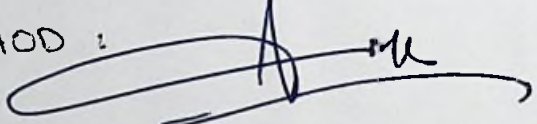
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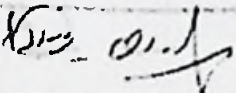
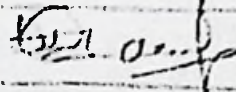
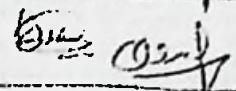
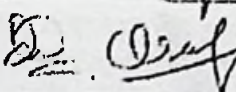
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1st Half Semester Progress Report

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Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
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2	17/9/24	Cubicle -3	Literature Review	
3	24/9/24	Cubicle 3	Data Collection / LR	
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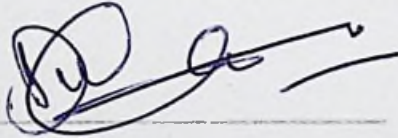
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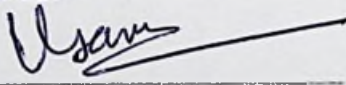
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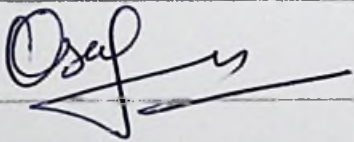
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ABSTRACT

This study examines the critical relationship between Working Capital Management and financial performance, specifically focusing on Return on Assets (ROA) of the automobile industry in Pakistan. The research examines the impact of working capital management components, including receivable collection period, inventory conversion period, accounts payable period and cash conversion cycle on the financial performance of Pakistani automobile manufacturers. Unlike most research, this study focus on the single industry to better capture the impact of WCM on firm's profitability. It also add the Covid-19 dimension to stress the importance of proper working capital management, especially in the period of economic distress. For further analysis, the study employs panel data regression analysis, incorporating control variables such as firm leverage, current ratio and sales growth. The findings of this research are expected to provide valuable insights into the critical success factors for Pakistani automobile manufacturers. Sales growth and account receivables days have positive impact on ROA whereas firm leverage have negative impact on ROA which means increasing debt will raise interest payment and reduce profitability. Inventory days also have negative impact on ROA which means that increase in days will reduce the return. Current ratio also have a negative impact on ROA. By understanding the nuanced impact of WCM strategies on financial performance, industry stakeholders, including management, investors, and policymakers, can make informed decisions regarding inventory management, credit policies, and capital structure. Furthermore, this study contributes to the existing body of knowledge on the financial performance of the automobile industry in an emerging market context, particularly within the unique economic and business environment of Pakistan.