

THE IMPACT OF EFFICIENT INVENTORY MANAGEMENT ON PROFITABILITY: A CASE STUDY OF THE PHARMACEUTICAL SECTOR OF PAKISTAN

BY

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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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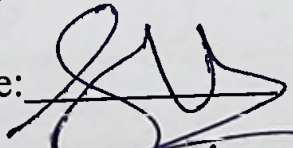
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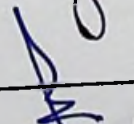
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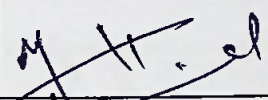

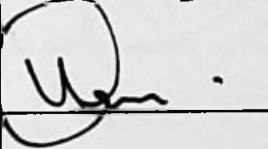
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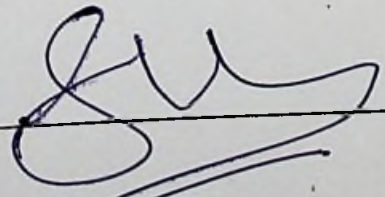
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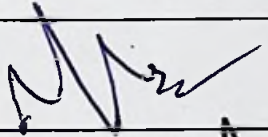
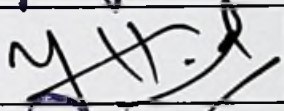
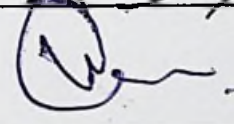
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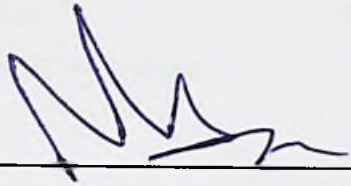
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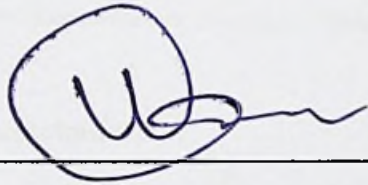
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3			Analysis + conclusion	

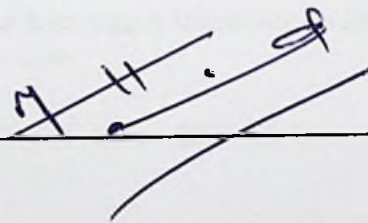
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Abstract

This study examines how efficient inventory management affects the financial performance of pharmaceutical firms in Pakistan, specifically analyzing Inventory Turnover (IT) and Inventory Days (ID) as key indicators and their relationships with Return on Assets (ROA) and Return on Equity (ROE). Adopting a secondary quantitative approach, the research uses panel data from seven pharmaceutical companies (2015–2025), analyzed through Pearson correlation and Ordinary Least Squares (OLS) regression to identify the impact of inventory practices on profitability. The findings reveal that higher IT is positively and significantly associated with ROA, suggesting that quick inventory turnover enhances asset efficiency and profitability in the sector. However, IT and ID do not have significant effects on ROE, indicating that shareholder returns are influenced more by broader financial and strategic factors beyond operational inventory management. These results highlight the operational relevance of inventory metrics while pointing to the limited impact on equity-based performance. The study contributes to bridging the research gap on data-driven inventory practices in Pakistan's pharmaceutical industry and offers practical insights for managers and policymakers seeking to balance inventory efficiency with profitability in a highly regulated and competitive sector.

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