

Approval Sheet:

This is to certify that following students of MBA-5(Y) have done their work on this project, under the supervision of Mr. Muhammad Akbar. The project is completed in all aspects and is ready for submission.

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ABSTRACT

Efficient working capital plays a vital role in the profitability of the firm. A lot of studies were conducted in past to check the effects of efficient working capital on firm's profits. Higher profits ultimately results in higher returns for stock as well as increases the worth for shareholders.

The purpose of conducting this study was to analyze whether the portfolios constructed on the basis of conventional anomalies like Beta, firm size, P/E ratio produces better results than the portfolios constructed on the basis of efficient working capital.

In this project, we analyzed and compared the effect of Beta and Efficiency of working capital on stock returns. For this purpose we used data of 33 companies listed on the Karachi Stock Exchange.

We constructed seven portfolios of each anomaly and compared results with that of portfolios constructed on the basis of working capital measure i.e. Cash conversion cycle.

The results showed that portfolios constructed on the basis of working capital efficiency outperformed as compared to portfolios of conventional anomalies. This implies that working capital efficiency can be a significant anomaly to construct more lucrative portfolios.

DEDICATION:

All the efforts in compiling this report are
dedicated

To

Our Beloved PROPHET Muhammad (S.A.W.W),

Our Beloved Parents, Brothers, Friends

&

Our Honorable Teacher,

Mr. Khalid Muntaz, Ms. Fatima Khushnud

&

Ms. Nadia Jaweed

As they helped us in this Achievement

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God Al-Mighty is Worthy of all acknowledgements
Whose Grace has no limits and Who gave us the
strength and will to complete this report.

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whole humanity.

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