

ASSESSED COMPANY'S PERFORMANCE AND FINANCIAL POSITION WITH THE HELP OF KEYS FINANCIAL RATIOS

By

**SAHER ANEES
25692**

A thesis presented to the Department of Management Sciences, Bahria University
Karachi Campus, in partial fulfillment of the requirements
of the MBA degree






SPRING, 2015

Bahria University Karachi Campus

MBA Thesis

2nd Half-semester Progress Report & Thesis Approval

Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	15/1/15	BUCK	Literature Review	
6	18/2/15	BUCK	Research methodology	
7	23/2/15	BUCK	Data analysis	

APPROVAL FOR EXAMINATION

Candidate's Name SAHER ANEES - Registration No. 25692

Thesis Title: ASSESSED COMPANY'S PERFORMANCE AND FINANCIAL POSITION WITH THE HELP OF KEY FINANCIAL INDICATORS
(PHARMACEUTICAL SECTOR)

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Supervisor's Signature: _____

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Name: _____

YOUSUF

ABID

Head Of Department Singnature _____

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ABSTRACT

Purpose: Financial ratios are an important tool to gauge the financial performance of a firm. Evaluating financial performance is mandatory for a company in order to plan its future. The financial performance is necessary to gauge for company because, investors and stakeholders view it before making an investment decision. In order to analyze the performance Financial ratios has been a traditional yet powerful tool for decision-makers, including business analysts, creditors, investors, and financial managers. The dissertation analyzes the financial performance of three pharmaceutical firms in Pakistan by using financial ratios.

The Dissertation encompasses three pharmaceutical firms of Pakistan i.e. (Abbot, GSK and Sanofi Aventis). All these three firms are regarded as reputable firms in the pharmaceutical sector not only Pakistan but internationally also. The pharmaceutical sector has been recognized as a thriving business yet competitive and capital intensive too. The dissertation puts light to the importance of financial analysis along with the significance of using financial ratios as a tool.

The literature review determines the importance of financial ratios while determining the firm's performance. It holds views and reviews of different authors who highlight the importance of financial ratios as well as on the other hand, the literature review specifically focuses the performance of pharmaceutical sector via suing financial ratios.

Methodology: Quantitative research is used to determine the importance aspects of research methodology and design in order to filter the scope of dissertation. The financial data of the three companies has been extracted from the company's yearly financial statement. The data is of four years i.e. (2009 – 2012) and is analyzed through financial ratios as well as with the help of Z-Score Model.

Findings: Findings from the research suggest that, out of three companies Abbot Ltd. is financially strong. The suggested resulted is drawn from the comparative analysis of all three companies on the basis of financial ratios of four years. Further results have been concluded that

Findings: Findings from the research suggest that, out of three companies Abbot Ltd. is financially strong. The suggested result is drawn from the comparative analysis of all three companies on the basis of financial ratios of four years. Further results have been concluded that profitability ratios are not only indicator to assess the performance of the company. Based on the findings some recommendations have been sorted out.

The recommendations are formulated on the basis of findings from the research which are the companies need to focus their attention on Efficiency and Profitability ratios alongside with the Debt management. They need to find out ways to utilize their assets fully in order to generate higher amount of profits.

Keywords: Financial ratios, financial analysis, Pharmaceutical sector, Profitability, Efficiency, Profits.

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