

**Major: FIN**  
**S. No. 17**

“(The Impact of Using Capital Budgeting techniques on  
profitability of firms: survey of manufacturing firms  
in Pakistan)”



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**Fall 2017**

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## **Acknowledgement**

Thanks to ALLAH Almighty, the author of knowledge and wisdom and for his countless love. I would like to thank my thesis supervisor, Prof. Khalid Hussain of management sciences faculty at Bahria University, Islamabad Campus. He consistently allowed this paper to be my own work, but steered me in the right the direction whenever he thought I needed it.

Finally, I must express my very profound gratitude to my parents for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis. This accomplishment would not have been possible without them.

## **Abstract:**

### ***Purpose:***

The main purpose is to identify the relationship between capital budgeting techniques on firm's profitability in terms of return on asset and net profit margin, considering the manufacturing firms of Pakistan. In addition, to highlight the comparison in terms of profitability for the usage of sophisticated and unsophisticated capital budgeting techniques.

### ***Design/methodology/approach:***

Primary and Secondary data is analyzed using descriptive statistics, frequencies and regression model. Analysis is done for comparison of profitable, sophisticate firms with non-profitable, unsophisticated manufacturing firms.

### ***Findings:***

The use of sophisticated capital budgeting techniques by large fraction of manufacturing firms in Pakistan has a positive relation with the profitability of the firms.

### ***Practical implications:***

With the increase in usage of techniques that follow discounted cash flow model, it is required by the managers to evaluate the possibility of effectively measuring the investment projects since they affect the organization in short as well as long-term basis.

### ***Keywords:***

Capital Budgeting, Sophistication, manufacturing firms, ROA

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