

Majors:FIN
S.No. 26

*“Ratio Based performance analysis of fertilizer
and chemical sector”*
”



By:

Farhan ZAIDI

(01-120161-009)

Supervisor:

DrTaqadus Bashir

Department of Business Studies

Bahria University Islamabad

Spring-2019

FINAL PROJECT/THESIS APPROVAL SHEET

Viva-Voce Examination

Viva Date 24/06/2019

Topic of Research: Ratio Based performance analysis of
fertilizer and chemical sector

Names of Student(s): Enroll # 01-120161-009

- Farhan Zaidi

Class: MBA (Finance)

Approved by:

Dr. Taqadus Bashir

Supervisor

Khalid Hussain

Examiner-I

AmnaFahim

Examiner-II

Dr. Sarwar Zahid

Research Coordinator

DrKhalilullah Muhammad

Head of Department

Business Studies

[TYPE THE COMPANY NAME]

RATIO BASED PERFORMANCE ANALYSIS OF FERTILIZER AND CHEMICAL SECTOR

Abstract

Today, the concept of financial ratio analysis is associated with respect to economic tools that used to assess the relative strength of companies by performing simple calculation items. These financial calculation items are in practices of use of income statement to know company current worth and value in market, management use balance sheet in order to measure current asset is equal to liability and owner equity in state. Usage of cash flow is correlated with facilitates to prepare sound financial policies, in order to sort out or measure current cash position. Type of this research study is qualitative data strategies to practically implement to accomplish research goal. This research study is only limited to two fertilizers and chemical sector to known their current financial performances in market. These financial analyses are very obliging tool for management of both companies to take effective decision according to current market conditions. Fertilizer companies are in procedural of Arif Habib Corporation Limited and Engro Fertilizer Limited, whereas chemical companies are in practice of Engro Polymer and Chemical Limited and I.C.I Pakistan Limited in state. Financial data is collected from annual report of these companies. The finding of this study is associated with respect to examining the real form of profit of chemical and Fertilizer Company is favourable and with the passage of time it's increased and developed scale of economies.

Keywords: Liquidity ratio, solvency activity, profitability ratio and financial business performance.

Table of Contents

Abstract.....	4
Chapter 1. Introduction.....	7
1.1 Background	7
1.2 Research Problem.....	8
1.3 Research Objectives	8
1.4 Research Questions	9
1.5 Research Gaps	9
1.6 Significance of Study	9
1.7 Thesis Contribution	10
1.8 Thesis Structure.....	10
Chapter 2. Literature Review.....	11
2.1 Arif Habib Corporation Limited	Error! Bookmark not defined.
2.2 Engro Fertilizer Limited.....	Error! Bookmark not defined.
2.3 Engro Polymer and Chemical Limited.....	Error! Bookmark not defined.
2.4 I.C.I Pakistan Limited	Error! Bookmark not defined.
Chapter 3. Research Methodology	14
3.1 Research Design.....	16
3.2 Population Frame	16
3.3 Sample Selection	16
3.4 Unit of Analysis	16
3.5 Type of Study	17
3.6 Time Horizon	17
3.7 Data Processing tools	17
3.8 Data Collection Procedure	17
Chapter 4. Data Analysis, Results and Interpretation.....	18
4.1 Arif Habib Corporation Limited	18
4.1.1 Liquidity Ratio.....	18

4.1.2	Solvency Ratio/Activity	20
4.1.3	Profitability Ratio.....	22
4.2	Engro Fertilizer Limited.....	24
4.2.1	Liquidity Ratio	24
4.2.2	Solvency Ratio/Activity	27
4.2.3	Profitability Ratio.....	29
4.3	Engro Polymer and Chemical Limited.....	32
4.3.1	Liquidity Ratio	32
4.3.2	Solvency Ratio/Activity	34
4.3.3	Profitability Ratio.....	36
4.4	I.C.I Pakistan Limited	39
4.4.1	Liquidity Ratio	39
4.4.2	Solvency Ratio/Activity	41
4.4.3	Profitability Ratio.....	43
4.5	Comparison Analysis	46
4.5.1	Liquidity Ratio	46
4.5.2	Solvency Ratio / Activity	48
4.5.3	Profitability Ratio.....	50
Chapter 5.	Conclusion, Findings and Future Direction	52
5.1	Conclusion.....	52
5.2	Findings.....	53
5.2.1	Future Direction	53
Reference	55