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# **Profit volatility of cement industry of Pakistan**

A Thesis submitted to Department of Management Sciences in part  
fulfillment of the requirement for the MBA degree

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The profit volatility of cement industry of Pakistan

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### ABSTRACT

The role of industry in economic development is vital and plays a very important role in economic growth of a country. The role of cement industry in the development of economy is no doubt is very very much imperative. The importance of cement industry role can be realized from this fact that China, India and American are the top producing and consuming cement countries. In 2010 the world production of hydraulic cement was 3,300 million tones. The half of the production was with china 1,800 million tones, India with 220 million tones and USA with 63.5 million tones. It is expected that over 2011 and 2012 and onwards global consumption of cement continued to rising with annual growth rate of 8.3 and 4.2 percent.

It shows that the fast/rapid growing economic of the world have large production and consumption of cement. Cement is one of the most significant commodity required for physical development of infrastructure essentially required for construction of houses, complexes, factory, , school, universities, hospitals, bridges, tunnels, runways , commercial buildings, Dam, rivers swage systems, flyovers infrastructure etc., require for industry and economic development Unfortunately there is great volatility of profit of cement industry due to which the pace of economic development could not be geared up till

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now. Although Pakistan has rich indigenous raw material and resources but could not properly utilize them for the progress of cement industry.

A detailed study has been carried out by reviewing the local and international literature on cement industry to find out the causes of profit and revenue vitality of cement industry of Pakistan.

The revenue, profit, rate of return on assets and rate of return on equity of various cement units are compared for the last 6 years. Further the profitability, liquidity, assets management, debts and owners' equity ratios also compared in order to reach findings, conclusion and recommendations.

In this study the reasons and causes behind the profit volatility of cement industry to be pinpointed and the suggestion and recommendations thereof for the betterment of the industry will be proposed at end of the report. The profitability, liquidity, leverage/gearing, and owners' equity are very important for firm for going concern.