

**THE IMPACT OF CAPITAL STRUCTURE ON
PROFITABILITY
A STUDY OF CEMENT SECTOR OF PAKISTAN**

**By
SUBIKA KALEEM
35962**

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MBA Thesis

2nd Half-semester Progress Report & Thesis Approval

Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	11-5-15	Supervisors Office	Data to be collected.	<i>Subika</i>
6	2-6-15	Supervisors Office	SPSS.	<i>Subika</i>
7	16-6-15	Supervisors Office	Analysis made and final Recommendation & Conclusion	<i>Subika</i>

APPROVAL FOR EXAMINATION

Candidate's Name: SUBIKA KALEEM Registration No. 35962
 Thesis Title: The impact of capital structure on profitability
A study of cement sector of Pakistan.

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at ----- that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature: *A. Ghani* Date: 30-6-2015

Name: Kaleem A. Ghani

HOD'S Singnature *A. Ghani* Date: _____

Abstract

Purpose:

The purpose of this research study is to document the impact of the determinants of capital structure firm size, leverage, liquidity and tangibility on the profitability of the selected cement companies listed in the Karachi stock exchange (KSE). This research study provides an intense awareness of an optimal capital structure for the selected cement companies of Pakistan which has a significant impact on their profitability.

Methodology:

This research study is explanatory and descriptive it includes the 10 years data of the five selected cement companies collected from their annual reports. The data is tested and the long term relationship between the dependent and independent variables profitability, firm size, leverage, liquidity and tangibility is deduced by regression analysis. The independent variables firm size, leverage, liquidity and tangibility are tested in order to check their impact on the dependent variable profitability.

Findings:

The results of this research study clearly indicates that the profitability of the cement companies is affected by the changes made to any of the independent variables firm size, leverage, liquidity and tangibility. The descriptive statistics in this research study indicates that the independent variables firm size, leverage, liquidity and tangibility has a significant impact on the dependent variable profitability of the selected cement companies tested individually.

Practical Implications:

The results of this research study will be helpful for the financial experts of the cement companies in order to make efficient decision with respect to the capital structure which will directly affect the profitability of the company. This results of this research study are also important for the investors they can have a detailed insight of the quantitative analysis of the company.

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