

**"An Impact of Financial Ratios on Cement Industry:
An Evidence from KSE 100 Index Pakistan"**



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ABSTRACT

Purpose – The main objective of this study is to find out the impact of ratio analysis on firms financial performance and the empirical findings based on developing country market (KSE 100 Index).

Design/methodology/approach – Multiple financial ratios are used to examine the empirical finding of this study based on sample data. Descriptive statistics is used for finding the relationship between firm's financial performance and investor investment decision. Thirteen financial ratios are used to measure the financial performance: current ratio(CR), quick ratio(QR), debt ratio(DR), earnings ratio(ER), long term debt over total asset ratio(LTDTA), debt to equity ratio(DE), operating cash flow ratio(OCFR), return on asset ratio(ROA), return on equity ratio(ROE), return on invested capital ratio(ROIC), net profit margin ratio(NPM), asset turnover ratio(ATR) and earnings per share ratio(EPS). The sample data collected from one markets for the time period of five years from 2009 to 2013. Tables are used to show the results so that it could be easily understandable for the layman investors, who even don't have much knowledge of finance. Quantities research has been carried out.

Results – In developed market higher percentage of debt are used and in developing country the average utilization of debt is lower than developed country percentage. This study concluded that the in both markets the return on assets and return on equity has statistically positive and significant relationship with capital structure and earnings per share have positive but insignificant relationship with capital structure.

Originality/value – This is the first study that conducted on kse 100 index and concludes the result on comparative basis it is being done for the 1st time and all the data has been collected by the researcher form secondary source.

Keywords:, financial performance, debt to total asset, debt to total assets, total term debt to total assets, ROA, ROE, EPS , cement industry, ratio analysis.

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