



Final Research Thesis

**"The Ratio Analysis—A Tool for Measuring
Financial Performance of Companies"**

A Study of Six Commercial Banks in Pakistan



As per course requirement of MBA (1.5 years)

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Abstract

The field of financial management requires from financial executive to measure the performance by using best tools. The effectiveness of ratio analysis cannot be neglected because of its wide contributions in measuring financial performance. The aim of this research study is to analyze the effectiveness of ratio analysis, as important tool for measuring the performance of organization by applying the ratio analysis on six commercial banks of Pakistan. The general tools of ratio analysis attempts to measure the financial performance in terms of profitability, solvency, asset management (efficiency), debt management, shareholders and market. The problem has been identified as the tools of ratio analysis are not universal and they vary from industry to industry, such as banking industry requires different tools of ratio analysis as compared to a manufacturing or trading company. By employing quantitative research, the research have been includes the six commercial banks of Pakistan, including Allied Banking Limited, Bank Al-Habib Limited, Faysal Bank Limited, Habib Bank Limited, Muslim Commercial Bank and Meezan Bank Limited. The conclusion of research study is based upon research findings, accomplishment level of answering research questions, research aims and objectives and hypothesis testing. The research study concludes that although the ratio analysis is still an effective tool of measuring the financial performance, but the better results can be achieved, when the industry related tools are used for measuring the performance.

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Student Declaration

It has been declared that this thesis report is purely my own work and there is no any doubt of validity and reliability about the quality of report. The primary data has been based upon genuine and real calculations of ratio analysis and the secondary data sources are properly referenced by Harvard Referencing Style.

I also declare that, I have made this dissertation as per best of my knowledge, understanding and according to the data available and this report can be used for research purpose and for getting knowledge about ratio analysis and the tools of ratio analysis . The key focus of research was to complete the degree requirement, based upon original and empirical research.

Regards;

Muhammad Waqar

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