

**"Impact of Debt Management on Performance of the Firm:
Study of Oil & Gas Sector in Pakistan"**



By:

(Muneeb Ali Khan)

(01-220191-026)

MBA

Supervisor:

Abdullah Hafeez

Bahria University Islamabad

2022

Major: FIN

F. No. 24

**"Impact of Debt Management on Performance of the Firm:
Study of Oil & Gas Sector in Pakistan"**



By:

(Muneeb Ali Khan)

(01-220191-026)

MBA

Supervisor:

Abdullah Hafeez

Bahria University Islamabad

Spring - 2022

ABSTRACT

This experimental study makes an attempt in finding the connection of debt management and the performance of Firms in Pakistan. Debt management mechanisms is discussed in this research are Degree of Financial Leverage (DFL), Debt /Asset Ratio (DER), and Debt /Equity Ratio (DAR) are independent variables. On the other hand, for measuring the Performance of the firm as dependent variables Return on Equity (ROE) and Return on Asset (ROA) has been used. In this study regression analysis technique is being used on 7 listed Oil and Gas Marketing companies of Stock Exchange of Pakistan (PSX) trading during the period 2012 to 2020, results have been derived. For all the variables data has been gathered through the Annual General Reports of the companies. The finding of this study shows that the element of debt management such as Debt/Asset ratio (DAR) and Debt/Equity Ratio (DER) are inversely proportional on Performance of firms as measured by Return on Assets (ROA) and Return on Equity (ROE). While the degree of financial leverage has no effect on the firm's success,.

Keywords: Debt Management, Performance of firm, Return on Equity (ROE), Return on Assets (ROA), Debt/Asset Ratio (DAR), Debt/Equity Ratio (DER), Degree of Financial Leverage (DFL)

ACKNOWLEDGEMENT

I am thankful to Allah Almighty for my stable health and wellbeing, which was very important in completing my thesis. I would like to appreciate those who were being assistance in the course of thesis and also for providing me this opportunity.

I would like to appreciate and be very thankful to my supervisor Sir Abdullah Hafeez, who was very supportive on every level specially from the start, and towards the end of my degree because without his constant support I am able to complete my thesis.

Special thanks to my parents and brothers, their love constant support, not bothering me for anything, they just want me to study without pressurizing me, without them I don't think that I could complete my thesis or degree.

Contents

1. Introduction	6
1.1. Background	6
1.2. Information of Selected companies	8
1.2.1. Pakistan State Oil	8
1.2.2. Attock Petroleum Limited (APL)	9
1.2.3. Hascol Petroleum Limited	9
1.2.4. Shell Pakistan Limited	10
1.2.5. Sui Southern Gas Company Limited	10
1.2.6. Sui Northern Gas Pipelines Limited	11
1.2.7. Burshane LPG (Pakistan) Limited	11
1.3. Theoretical Structure	12
1.3.1. Corporate Capital Structure Theory	12
1.3.2. Financial Leverage Clenteles	13
1.3.3. Trade off Theory	13
1.4. Problem Statement	14
1.5. Objective of Research	14
1.6. Research Questions	14
1.7. Limitation	14
2. Literature Review	15
3. Theoretical Framework	19
3.1. Performance of the firm.	19
3.1.1 Return on Assets	19
3.1.2. Return on equity	19
3.2. Debt management Ratios	20
3.2.1 Debt-to-Equity Ratio	20
3.2.2. Debt-to-Assets Ratio	20
3.2.3. Degree of Financial Leverage	21
3.3. Hypothesis	21
3.4. Framework	21
4. Research Methodology	22
4.1. Research Design	22
4.2. Descriptive Research Design	22

4.3.	Data Source.....	22
4.4.	Variables	22
4.5.	Statistical Tools	23
4.6.	Regression Equation	23
5.	Findings and Discussions.....	23
5.1.	Sample Characteristics	23
5.2.	Companies	24
5.3.	Results	24
5.3.1.	Descriptive Analysis.....	24
5.3.1.1.	Descriptive Statistics	24
5.3.1.2.	Interpretation of Descriptive Statistics	25
5.3.2.	Regression Analysis:	25
5.3.3.	Hypothesis Acceptance or Rejection:	30
6.	Conclusion	31
7.	Limitation of Research	32
	References	33

1. Introduction

1.1. Background

Oil and gas sector of Pakistan is considered as the pillar of the economy. This sector is helpful in providing support not only in the economic development of the country but also considered very important for the growth of manufacturing, trading, and service sector.

The exploration of oil has begun in subcontinent very well before the independence of Pakistan. The very first oil well was drilled in Kundal district Mianwali way back in 1866. When the rest of the world had its focus on seepages at the end of 19th century, various attempts has been made to drill shallow boreholes in Sulaiman Ford at that time. In Khattan, Baluchistan the oil discovery was a great success as for seven years from 1885 to 1892 from shallow wells 25000 barrels of oil was produced. During the early phase till 1883 the drillings were controlled by the Indio-Pak government in which near seepages numbers of shallow wells were drilled. The government has subsequently started to lose interest in exploration of oil over the period because of rapid decline in production and shorter life of wells. As the time passes and through the advancement in technology of drilling with the knowledge of Origin, Migration, and occurrence of oil the exploration was further extended to other sedimentary regions in Pakistan. Attock Oil Company had the first commercial success in 1915 at Khaur-1 where the discovery of oil takes place in the lower parts of the Miocene Formation in Pothohar. Through the time duration of 1915-1954 complete of There were 396 shallow wells drilled. in this region which resulted in the three oil fields discovered.

In Pakistan at Sui Baluchistan the first field of oil was found in 1952 and with the help of Soviet Union, Pakistan Petroleum and Pakistan Oilfields in early 1960s Toot Oil Fields was discovered in Pothohar region of Punjab. One of the oldest oils producing region of Pakistan is Toot area where the drilling of first oil well was taken place in 1964 but till 1967 the commercial production didn't start; it is estimated that this oil well has the capacity of producing 60 million barrels of oil from which the recoverable oil is about 12% to 15%. In 1986 the daily oil production was approximately 2400 barrels which is considered as its peak time, and after that the production of oil and natural gas has been growing progressively. Until 1981 the production of Pakistan's oil has

been completely limited to the Pothohar Region, at this time there was a discovery of oil and gas field in lower Sindh region by Union Texas Pakistan. As compared to Pothohar Region this gas field was producing more Oil by 1998-99.

After the discovery of Tut Oilfield in 1967 by OGDCL and POL discovered Oil at Meyal in 1968 many of the international companies has started to show their keen interest in Pakistan. The government has signed the agreements in 1969 with American Oil Company (AMOCO) and Wintershall for drilling onshore and offshore wells in Indus Basin after seeing the the interest shown by international companies. Later on, alongside the coast of Makran the Marathon Oil Company got successful in securing the license for drilling the half onshore and offshore wells in 1973. But in their attempts, they were all unsuccessful, after drilling three dry offshore wells Wintershell pulled out from the agreement, Marathon also closed their operations as well after drilling one onshore and one offshore well, and the unsuccessful drilling was continued in Middle Indus Basin by AMOCO. Later OGDCL has discovered condensate gas in Dhodak in 1976 and gas in Pirkoh in 1977.

The companies like Shell, Lasmco (Now Eni) Premier and some of oil markets newcomers such as Irish Tullow Oil and Australian BHP became active in Pakistan by the end of 90's. They succeeded in discovering the Gas in Bhit, Chachar, Sara, Suri, Zamzma and Zarghun in Indus Basin, Kirthar region, and in Bolan Region respectively. Other companies like MOL, PGNiG and Petronas got their licenses after seeing the success of these companies. Petronas got succeed in discovering gas in Mehar Bloch whereas PGNiG has drilled a dry hole in Sabal Region. Now a days an exploratory well is being drilled by MOL in Tal Region in District Bannu. Recently for the first time there was a discovery of Oil in Kohat region at the Datta Formation of Jurassic and in the Sinjhor Block Located in Singar District by OGDCL.

The exploration in Offshore regions have always been remained limited where only Eleven exploratory wells were drilled from which two of them are located near the Makran Coast and Nine of them are in Indus Offshore. During 1985-86 OGDCL has discovered PakCan-1 in which the presence of hydrocarbons gas of sub-commercial quantities on the continental shelf was found and Occidental Petroleum has drilled the well named Sadaf-1 in Indus Offshore resulted in a commercial Failure. Recently Ocean Oil has drilled a well near Pasni in offshore Makran Region which was also a failure. Currently four blocks are licensed in from which two of them are acquired

by Total, and other two were acquired by both Shell and British gas in the Indus offshore region. The reason of slow exploration in offshore areas is because of high cost and less success rate although just like India at the Bombay High there are chances of locating up stands.

1.2.Information of Selected companies

In this thesis seven companies have been selected from Oil and Gas Sector of Pakistan; their brief introduction is given below.

1.2.1. Pakistan State Oil

The state-owned Pakistan State Oil Business (PSO), which has its headquarters in Karachi, is a petroleum company that markets and distributes products related to oil. It has a system of 3689 gas stations, including 3500 retail outlets and 189 wholesale customers. Pakistan National Oil Corporation is the largest fuel distribution company in Pakistan. PSO has about 60% of the market share for oil, and its clientele comprises dealers, government organizations, independent businesses, independent energy projects, and other corporate clients. After the Pakistani government took over management of the Pakistan National Oil Company (PNO), Dawood Petroleum Limited, and Esso Eastern. On December 30, 1976, the firm changed its name to POCL (Premier Oil Company Limited) in order to advertise petroleum products. PSO is the first publicly traded firm in Pakistan with annual sales of more than 1 trillion rupees. Since 2003, Pakistan National Oil Corporation has belonged to the esteemed World Economic Forum. The company culture underwent a significant revitalization initiative following the establishment of the PSO, which was completely implemented in 2004. The concept has included simplifying personnel, empowering personnel, making decisions transparent and revamping the organization through cross-functional teams over time. With the help of legal, financial, informational, and other services, this new corporate restoration modified isolates the organization's essential capabilities into separate enterprises. The proper balanced governance has been assembled by integrating supervising and control procedures in order to support and monitor this structural transformation. PSO has maintained its market control in a cutthroat corporate climate because to the successful application of business reforms and the continual deployment of top procedures and corporate growth initiatives. Through 500 distributors, PSO provides its customers with light diesel oil, lubricants, and kerosene throughout Pakistan.

1.2.2. Attock Petroleum Limited (APL)

The fourth petroleum marketing firm in Pakistan to receive a distribution licence and begin operations was Attock Petroleum Limited (APL), which did so in Feb-1998. A joint venture between Attock Oil Group of Companies (AOC) and Pharaon Investment Group Limited Holding PIGL, with global interests in the cement, petroleum, chemical, and real estate industries.. The sole petroleum promotion firm in Pakistan, APL is a member of a vertically incorporated organization that manages all facets of the country's oil and gas industry, including discovery, manufacturing, refining, and sales of various petroleum products. APL has established itself as a forward-thinking firm committed to offering high-quality petroleum products, while being a relatively recent arrival in the petroleum marketing sector. consistently and considerably increasing market share and consumer confidence. APL is regarded as a forward-thinking business, and in order to lead the industry in accuracy and quality, they offer cutting-edge goods and services. APL has more than 600 retail locations and offers a variety of petroleum products.

1.2.3. Hascol Petroleum Limited

The business was founded in 2001, and in 2007 it went public. It acquired the government-issued oil sales licence in 2005.

The Karachi Stock Exchange has 14 businesses listed. A new facility in Bin Qasim, Karachi, would be built with cooperation between the firm and FUCHS, it was revealed in 2017. It rose to the position of second-largest oil marketing firm in the nation the same year.

In October 2012, global commodities trader Vitol stated it will grow its holding to 41 percent after purchasing 15 percent of Hascol between 2015 and 2016.

The business's share price dropped from more than Rs. 300 in 2018 to about Rs. 5 in 2021 as a result of a scandal, false books and financial statements in 2019, rising losses, and the Pakistan Securities and Exchange Commission's declaration that the company was in default. At the request of the company creditors, the Sindh High Court froze company assets.

1.2.4. Shell Pakistan Limited

A London antiquities trader began importing shells from the distant East over 200 years ago to make unique jewelry. Marcus Smauel's firm created the groundwork for a profitable import and export industry, which his sons Marcus Jr. and Sam eventually took over. Oil was mostly utilized for lights and lubricants at the time, and the industrial center was in Baku, Russia, which had a huge quantity of high-quality oil reservoirs and a vital natural port. Burmah Shell Oil Storage and Distribution Company of India was formed in 1928 when the marketing interests of Royal Dutch Shell and Burmah Petroleum Ltd in India merged to increase their distribution capabilities. It was renamed Burmah Shell Oil Distribution Company of Pakistan when Pakistan gained independence in 1947. When Pakistani investors acquired 51 percent of the shares in 1970 Pakistan Burmah Shell (PBS) Limited was the new name for the corporation.

Shell and Burmah Group split the outstanding 49 percent. Shell Petroleum Company purchased a 51 percent stake in PBS in 1993, just as economic liberalization was taking hold, and Burmah Philip merged out of PBS. Shell extended their position in the firm again in 2001 and 2002, now owning a 77 percent ownership in SPL, demonstrating their confidence in the company. Shell Petroleum Company operates an effective retail network of 740+ locations and has the greatest brand preference among its competitors. Their fuels include V-Power Shell, Super unleaded, and diesel, as well as a variety of non-fuel retail services and high-quality lubricants. We create goods that leverage cutting-edge technology via innovation.

1.2.5. Sui Southern Gas Company Limited

It was formed in 1955. The current company was formed on March 30, 1989, after the merger of three pioneering companies: Sui Gas Transmission Company Limited, Karachi Gas Company Limited, and Indus Gas Company Limited. SSGC is the leading unified gas company in Pakistan. The firm is involved in natural gas transportation and distribution in Southern Pakistan, mostly in Baluchistan and Sindh. The communication system of Sui Southern Gas Company runs from Sui in Baluchistan to Karachi in Sindh. Under an arrangement with France's Schlumberger industries, In addition, the corporation owns and runs the country's single gas meter manufacturing facility. The firm is publicly traded on the Pakistan Stock Exchange. All three local city exchanges amalgamated on January 11, 2016.

1.2.6. Sui Northern Gas Pipelines Limited

In 1963 the company was founded and afterwards gets registered on the PSX under the British India Companies Act 1913, now the Pakistan Companies Act 2017. SNGPL provides natural gas to 16 different locations. It serves 5.3 million customers. SNGPL's primary transmission regions include Faisalabad, Lahore, Multan, and Wah. Transmission lines have a maximum diameter of around 42 inches. SNGPL absorbs gas in two different methods. The first is called "System Gas," while the second is called "RLNG." The gas collected from our sources has a system gas density of 750-800 mmcd. On the other side, using RLNG (Re-gasified liquid Natural Gas), we import natural gas in closed containers from overseas in liquid form. The liquid is then re-gasified and converted into gas.

1.2.7. Burshane LPG (Pakistan) Limited

LPG is an alternative fuel mainly used as a fuel in Pakistan domestic and commercial kitchens. It is also used in automobiles, industrial fuels, power generation EQUIPMENT. LPG is produced and supplied in Pakistan by refineries that produce LPG AS A by product, and oil and gas exploration companies that produce LPG at their wellheads. It can also be extracted from natural gas in the purification process of natural gas.

Its main producers and suppliers in Pakistan are

- Pak Arab Refinery Company Ltd
- Pakistan Refinery Ltd
- National Refinery Ltd
- BYCO refinery Ltd
- Pakistan Petroleum Ltd
- OGDCL Ltd
- MOL

Besides domestic LPG, PAKISTAN also needs to import LPG to meet its total consumption. The main foreign supplier of LPG is Iran, which is imported through the Taftan Border and by sea and land.

Major Importers in Pakistan are.

- Pyramid Gas
- Hazara Gas
- Ayan Gas
- Sui Southern Gas Company Ltd

We have more than 500 distributors all over Pakistan. With this distribution network, our goods go from Krachi to Peshawar to Kashmir. LPG is transported by bow cars mounted on prime movers. We have a fleet of about 20 prime movers. We have two filling plants one is located in Karachi and other is at Faisalabad, other than these plants we also use the third-party plants for which we have contracted with 10 different third-party filling plants across Pakistan.

1.3.Theoretical Structure

Some of the theories related to the concept of Debt management are as follows.

1. Corporate Capital Structure Theory.
2. Financial leverage Clienteles
3. Trade-off theory

1.3.1. Corporate Capital Structure Theory

“The traditional theory of capital structure states that when the weighted average cost of capital (WACC) is minimized, and the market value of assets is maximized, an optimal structure of capital exists. This is achieved by utilizing a mix of both equity and debt capital. This point occurs where the marginal cost of debt and the marginal cost of equity are equated, and any other mix of debt and equity financing where the two are not equated allows an opportunity to increase firm value by increasing or decreasing the firm’s leverage” (Investopedia, 2021)

Tax-deductible interest payments, according to this view, create a positive incentive for corporate leverage. However, higher debt utilization raises the chance and related costs of bankruptcy, creating a negative incentive for debt. The existing business capital structure reflects the optimal balance among the tax advantages of liability financing and the balancing consequences of probable insolvency expenses. The second explanation is similar to the first, but broadens the analysis to include other positive and negative incentives for the corporation to issue high-risk debt. It views the corporation as a contractual agreement between holders of several classes of securities, one of whom may be the corporation's management. While the common thread in this viewpoint is that the observed capital structure finds a balance between the various interests of the

company's many stakeholders, the various contributions focus on different parts of the problem (MCCONNELL, 1978).

1.3.2. Financial Leverage Clienteles

“A group of investors that want to invest in companies that follow a specific financial leverage policy (Harvey, 2012)“

The effects of corporate debt on personal and company taxes are addressed in a model of corporate capital structure equilibrium. It is expected that metropolitan and business liability returns are not subject to personal income tax, but corporate debt returns are subject to negligible, common own income tax rates that range as of lower to higher than the business income tax rate. Even if aggregate corporate debt reaches an equilibrium level, the value of a company is inextricably linked to its capital structure.. Investors in high tax rates would naturally choose low-leveraged company securities, whereas low-income investors might want substantially leveraged company securities. (John M. Harris Jr., 1983).

1.3.3. Trade off Theory

“The trade-off theory of capital structure is the idea that a company chooses how much debt finance and how much equity finance to use by balancing the costs and benefits (Wikipedia, 2021)“

Businesses choose their capital structure by weighing the benefits of borrowing., such as tax savings, against the costs of plagiarizing, according to the capital structure trade-off hypothesis, such as bankruptcy expenditures. This trade-off suggests that there is a target leverage that maximizes the firm's worth. The existence of a goal, the theory's basic principle, any variation from the intended leverage must be addressed. (Islam Abdeljawad, 2013).

One of the fundamental assumptions is that there are no taxes. The trade-off hypothesis is a variation on the MM theorem that takes into account the expenses of bankruptcy as well as the influence of taxes. This hypothesis is considered to be the cornerstone for the growth of various other concepts that have explored how corporations choose their capital structure. As the debt/equity ratio grows, liability holders will demand greater interest rates while simultaneously anticipating better profits from their investments, raising the possibility of insolvency or, as we like to call it, the cost of insolvency. (Cekrezi, 2013).

1.4. Problem Statement

In general, it is believed that there is a link between debt management and company performance. The primary goal of this research is to look into the link between debt management and company performance in Oil & Gas marketing businesses listed on the PSX. The objective of this study is to determine the influence of debt management on company profitability. In Pakistan, debt management is not seen as a technique for defining a company's market position; rather, the company's position is defined primarily by its performance (ROA & ROE).

1.5. Objective of Research

- a. To analyze the effect of debt management on performance of companies.
- b. To assess how debt management effect the Productivity of the firm.
- c. To explore how important debt management ratios are for the decision making.

1.6. Research Questions

- a. What is the impact of debt management on performance of companies?
- b. How Debt management effect the firm's profitability?
- c. What is debt management?
- d. What is performance of companies?

1.7. Limitations

Just like other research this research also has some limitations. First is that it is conducted on limited number of companies further studies may include more companies from this sector. Second is that due to short time span quantitative research is being conducted further qualitative research can be conducted for better results. Third is that in this research I have used only debt management ratios as independent variable but in future profitability ratios can also be used as independent variable.

2. Literature Review

As an independent variable, two accounting measures are employed for debt management: Debt/Equity Ratio (DER) and debt/Asset ratio. A solvency ratio called debt/equity compares the firm's total debt to its equity. Investors typically use this ratio to determine how much debt a company has taken on relative to its equity. When there is a significant level of uncertainty, the company's liquidity is jeopardized Debt Equity Ratio (DER). This ratio is used to determine how much money is given by creditors and firm owners. The quantity of debt should be less than or equal to the amount of capital for stakeholders outside of the firm, but the ratio should be high for the company's management and shareholders. (Dede Hertina, 20 April 2021). For making a comparison between how much there is debt of a company and analysts, and investors frequently use the debt-to-equity ratio to compare a company's financial performance to its Debt/Equity Ratio (DER). If the business is not capable to pay the debt through equity, the firm will pay its debt by using the assets of the company. The more negative the ratio, the greater the risk that the firm faces as a result of potential failures. Conclusion: When the results of Debt Equity Ratio (DER) are high, the Company's Return on Equity will decline. This is because of the profit earned by organization will be used in paying the interest expense on the debt taken. But the company can boost up its profits if they are capable to run the company up to its full capacity because for boosting up the production and expanding its operation these loans will be used. That's how the Return on equity of the company will affect positively by the Debt Equity Ratio (DER) (Alpi, 2018).

An increase in a company's Debt Equity Ratio (DER) increases the risk of its equity if the risk is adequately measured. This does not mean that the equity of a higher Debt Equity Ratio (DER) company will always have a higher overall risk, as risk may vary at the company level. Therefore, Debt/Equity Ratio can be used as a substitute for common equity risk, when an appropriate risk measured is not known or cannot be calculated from available information (Bhandari, 1988). The more debt a company has the more likely its manager will shift earnings from future months to now and do more accounting manipulations. If other things are equal, such as overall financial health of the company, then the larger the debt-to-equity ratio, the more likely this is to happen (Bartov, 1993). That's why companies prefer to go for the appropriate level of Debt/Equity Ratio (DER) through the advantages of debt finance, which includes the income tax shield against non-

tax cost of debt (Mooij, 2012). The investor has a profit-taking inclination, with only the Debt Equity Ratio variable having an influence on ROA. Investors consider how much of a company's total debt is supported by equity, which influences the return-on-investment value. (John Henry Wijaya, 20 April 2021).

In order to evaluate total debt in comparison of overall assets Debt/Asset Ratio is used. The high debt/Asset ratio is the result of companies financing their assets through large debt. Companies who have large amounts of debt will have to face the significant amount of interest expense. They will face financial difficulties when they need funds for expansion such as experience hinderance in getting more debt for the expansion. High debt/Assets ratio shows the higher debt burden on the company. This type of company can face financial crisis because they have to pay higher amount of interest. This results in the reduction of expansion and financing its operations (Dihin Septyanto, 2022). Return on Assets will be get affected upon using the assets to cover the debt, which results in the reduced percentage of return which should have been large (Mimelientes Irman A. A., 2020). It is seen as increase in the risk of the company when company's debt is greater than the owner's capital. This results in the shareholders will be getting less profits if the company increases its debts. Which means due to the higher ratio the company's own capital will be used in higher proportion to guarantee the long-term debts (Dedek Kurniawan Gultom, 2020). The Debt Equity Ratio gives us the information about the company's capital structure, to find out how much the company is at risk of bad debt by investors. A high-level of Debt/Equity Ratio (DER) has a negative influence on the performance of the company, since a greater rate of liability results in a larger interest load and less profit. On the other side, a lower Debt/Equity ratio demonstrates better performance, which leads to higher returns. (Hantono, 31 December 2018). Financial performance is measured in terms of debt to total assets, and leverage is expressed as a ratio of indebtedness. (Eleonora Santos, 10 January 2022)

Return On Equity (ROE) is said to be one of the viability ratios which is used by companies in order to find how company manages its equity which is to be used as profit (Asrizal Efendy Nasution, 2018). ROE is a relation that helps while measuring owner's capital how many percentages were acquired from net income. This ratio shows that against the capital invested by owners how much they are getting in return by the company (Harahap, 2013). ROE is the ratio that demonstrates how much Earning after interest and tax a company can generate as compared

to the company's own capital, the company is said to be more efficient when the results are giving large ratio (Lusy, December 2018). The indicator of return on equity is crucial in determining whether or not investors would invest in a firm if it can deliver returns at a level that meets their expectations. The improved success of the business is demonstrated by the greater ROE, which also affects the firm's stock price. The stock price of the corporation will rise, giving investors significant returns. as a result of the higher return, the company is becoming more appealing to investors (Mochamad Kohar Mudzakar, (2021).

Return on Assets refers to a firm's capacity to create net profit utilizing just its own assets (ROA). This ratio is thought to be beneficial for assessing the efficacy of an organization's management and monitoring success in asset management. The higher the Return on Assets (ROA), the more efficiently the company uses its assets. Using the same amount of assets, an organization can produce a substantial quantity of profits. Return On Assets (ROA) measures a company's capacity to earn profits by utilizing all of its assets. When a firm uses its assets efficiently, the likelihood of bankruptcy decreases since the organization's owned assets may be used to optimize revenues. If the ratio findings are high, this indicates (Dihin Septyanto, 2022). Profit rates may be calculated by looking at the value of Return on asset (ROA). Better Return on Assets (ROA) values resulted in higher profitability for the firm. The quantity of assets invested is used to assess if the value of Return on Assets (ROA) is high or low. A number of factors influence the firm's return on asset ratio, one of which is how the company uses its assets to meet its commitments. (Mimelientesa Irman A. A., 2020). One of the profitability indicators is return on asset. This statistic is frequently highlighted in balance sheet analysis since it can demonstrate a company's ability in producing profits. The capacity of a corporation to create expected future earnings is measured by ROA. Asset or assets to the firm's overall assets that have been turned into company assets that assist the company's continuous existence with its own or third-party capital (John Henry Wijaya, 20 April 2021).

The benefit of Return on Assets (ROA) and ROE ratios is the ability to compare operational efficiencies between companies of different sizes. The downside of Return on Equity (ROE) is that the ratio cannot be calculated when the company's equity value is negative. On the other hand, new offerings may lower ROE by increasing equity. ROA is sensitive to changes in asset levels (Rutkowska-Ziarko, 6 January 2022). Companies might intentionally restrict risk appetite to

safeguard their own earnings if the bank's return on assets is high. Companies devote greater attention to the security and liquidity of operations in this environment, as well as strengthening compliance controls and correct operation. When the bank's return on capital is low, corporations tend to be aggressive in their business strategy in order to maintain a certain degree of profitability. (Lihui Xiong, 15 May 2022) The portfolio-based model comprises, in addition to market components, a component that shows how high the ROE is, as well as an investment factor (IA) that measures the return of a portfolio, such as long low-investment stocks and short high-investment companies. a stock portfolio with strong returns but poor ROE. (Wang, 2013). Larger profitability efficiency is linked to higher leverage or lower equity ratios. ROE, which in turn depends on the company's ownership structure (Ahmad M. Abu-Alkheil, 2017).

This ratio is divided into three parts: profit margins, total asset turnover, and equity multipliers. The first component is the profit margin of the firm. The bigger the profit margin, the better the return on investment (ROI). The second term shows a company's efficiency and gauges overall asset turnover, with more sales resulting in higher Return On Equity. The equity multiple, which quantifies the level of leverage, is the final component. (Farouq Altahtamouni, 21 March 2022). This ratio calculates the amount of net profit that is produced from each rupiah of funds that are invested in total assets (Mochamad Kohar Mudzakar, (2021). ROA is a profitability formula used to determine how effectively a company generates returns on all of its assets. The asset productivity in generating net profit is better the higher this ratio. As a result, investors will find the firm to be more enticing. (Mirna Dianita, 2021). Because the rate of return will be much higher, the corporate's improved attractiveness makes it more appealing to investors. Additionally, this will have an impact on the capital market price of business shares., increasing the return on assets, which will have an impact on the corporate share price (Hartanto, 2018). Higher performance (ROA) or larger organization's (Size) may favor a company's digital transformation because these entities have the resources required to carry out these activities (Ion Ionașcu, 2021).

3. Theoretical Framework

3.1. Performance of the firm.

Performance of the firm is to be determined through two ratios, that is ROA and ROE.

3.1.1 Return on Assets

ROA is used to determine the how efficiently the management has generated the returns from available assets for the ordinary shareholders. Definite ROA shows the total assets of the company used to run in order to generate profit for the company and vice versa (Erik Syawal Alghifari, 1, January 2013). A high Return on Assets figure indicates that the firm is capable of earning large profits. Investors like organizations with a high ROA because they are capable of generating a high level of corporate profits. (Mohd. Heikal, December 2014). To assess the efficiency of the company, one method that can be used is by comparing the earnings generated by total assets (ROA) (Wahyudi, 2015). The formula to calculate ROA is

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

3.1.2. Return on equity

ROE is a type of ratio that shows the level to which companies can use their own capital efficiently, it also helps in determining the profitability on the investment that the owners have made on their own capital (Mohd. Heikal, December 2014). For shareholders or potential shareholders, the ROE ratio is very helpful because it is considered as an indicator for the shareholder value creation. It shows value of the company, higher the ratio higher the company value. (Kamar, May. 2017). ROE is considered as an important tool to measure the profitability of a company because ROE takes into consideration different decisions that are made like operating, investing, financing and tax related decisions (Liesz, 2002). The formula to calculate ROE is

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

3.2. Debt management Ratios

Debt management is to be determined through three ratios, that are Debt-to-Equity Ratio, Debt-to-Assets Ratio, and Interest Coverage Ratio.

3.2.1 Debt-to-Equity Ratio

Investors and analysts frequently use the debt/equity ratio to assess how much debt a company has relative to the amount of equity owned by shareholders.. (Murtaqi, 2014). Investors and analysts frequently use the debt/equity ratio to determine how much debt a firm has relative to the amount of equity owned by shareholders. (Mimelientesa Irman A. A., 2020). This ratio indicates that the amount of financing creditor is providing for each money invested by the shareholders. In general, low DER is liked by creditors. Lower the ratio indicates that the large portion of firm financing is provided by shareholders (Fauzia, 2018)

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

3.2.2. Debt-to-Assets Ratio

Debt/Asset ratio is a ratio to determine the proportion of total debt to total assets. Another way to put it is that it's a measurement of how much of the company's assets are financed by debt. A corporation is deemed to be solvable if it has sufficient assets and capital to pay its debts based on this solvency ratio. (Ade Onny Siagian, 2021). High ratio indicates that in order to purchase the asset larger portion of amount is taken from loan capital. High ratio also indicates that there is a high dependency of the company on creditors and there is a burden of interest cost that must bear by the company (ZAMAN, February 2021).

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

3.2.3. Degree of Financial Leverage

Degree of Financial Leverage refers to the how the debt capital effect the earning per share of a company. Higher the degree of debt management gives an opportunity for a company to improve its profit and make it beneficial for the company. On the other hand, it also puts the company at high level of risk because if company is not being able to cover its financial cost for the borrowed capital, the company may face bankruptcy (KUMAR, Nov 2017).

$$\text{Degree of Financial Leverage} = \frac{\% \text{ Change in EPS}}{\% \text{ Change in EBIT}}$$

3.3.Hypothesis

Following hypothesis have been made from the theoretical framework

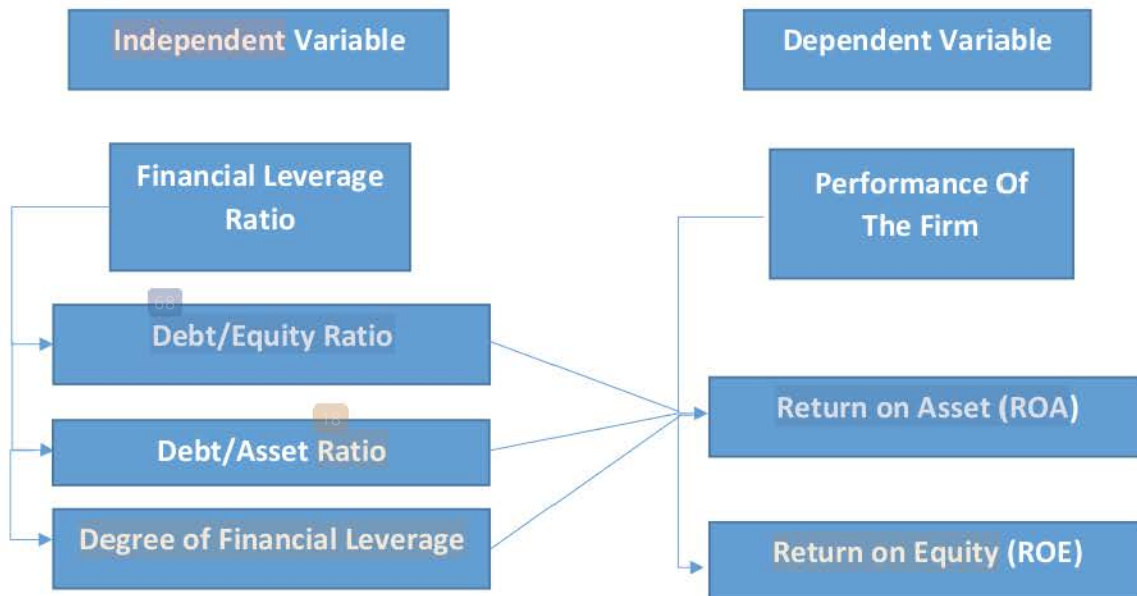
H1: Debt management has positive relationship with Performance of the Firm.

H2: Debt/Equity ratio does impact Return on Assets and Return on Equity.

H3: Debt/Asset ratio does impact Return on Assets and Return on Equity.

H4: Degree of Financial Leverage ratio does impact Return on Assets and Return on Equity.

3.4.Framework



4. Research Methodology

4.1. Research Design

To meet the goal of this study, a sample of a company's financial ratios was acquired using the company's annual report as well as some internet assistance. This study included a total of six firms. These businesses are included in the KSE 100 Index and are part of Pakistan's Oil and Gas Marketing sector. Among the companies engaged are Burshane LPG (Pakistan) Limited, Attock Petroleum Limited, Hascol Petroleum Limited, Sui Southern Gas Company Limited, Sui Northern Gas Pipelines Limited, Pakistan State Oil Company Limited, Shell Pakistan Limited.. Secondary data for this study is gathered using a questionnaire. Due to time constraints, the study was carried out between the months of March and July.

4.2. Descriptive Research Design

This study aims to determine if the debt-to-equity ratio (DER), debt-to-asset ratio (DAR), and degree of financial leverage (DFL) have an effect on the performance of Pakistani businesses. To establish a relationship between the dependent and independent variables, descriptive research was carried out. Descriptive analysis has been proven to be beneficial in collecting summary information of the data acquired. It displays the maximum, minimum, standard deviation, and mean values of the collected data. It will be really difficult to test our hypothesis, in understanding the data gathered and its trend over the years if we don't use this analysis. So, to come up with descriptive summaries of data collected SPSS software has been used to analyze the relationship between Debt management and Performance of firm.

4.3. Data Source

Data related to the variables of Debt management and performance of firm has been gathered from the Annual General Reports of the company of the firms listed on PSX for the period of 2012 to 2020. To prepare and publish the Annual General Reports of the company following the approved accounting standards applicable in Pakistan it is deemed to be mandatory for each listed company. The sample of Seven companies from the Oil and Gas Marketing firms listed on PSX.

4.4. Variables

Independent variables include Debt/Asset Ratio (DAR), Debt/Equity Ratio (DER), and Degree of Financial Leverage (DFL). The dependent variables are ROE and ROA.

4.5. Statistical Tools

Regression model has been used to test the hypothesis i.e., the impact of Debt management on Firm's performance. To analyze the several variables, where the relationship involves one or more independent variables and a dependent variable. Using a regression model, analysis.

4.6. Regression Equation

$$\text{Equation 1: } ROA_{it} = \beta_0 + \beta_1(DAR_{it}) + \beta_2(DER_{it}) + \beta_3(DFL_{it})$$

$$\text{Equation 2: } ROE_{it} = \beta_0 + \beta_1(DAR_{it}) + \beta_2(DER_{it}) + \beta_3(DFL_{it})$$

ROA = Return on Assets

ROE = Return on Equity

β_0 = Constant of Equation (Systematic Risk)

β_1 = Coefficient of Input Variables

t = Time series or time-period (t= 9 years)

DER = Debt/Equity Ratio

DAR = Debt/Asset Ratio

DFL = Degree of Financial Leverage.

5. Findings and Discussions

5.1. Sample Characteristics

The sample that is gathered for this thesis is secondary in nature. It is mainly gathered from the Annual General Reports of the company of the company.

5.2. Companies

For this thesis following are the companies selected that are listed on Pakistan Stock exchange.

- Hascol Petroleum Limited,
- Sui Southern Gas Company Limited,
- Sui Northern Gas Pipelines Limited,
- Pakistan State Oil Company Limited,
- Shell Pakistan Limited,
- Burshane LPG (Pakistan) Limited and
- Attock Petroleum Limited

5.3. Results

5.3.1. Descriptive Analysis

The test provides a broad overview of the explanatory numbers for the private and dependent variables that have been the subject of this study. It provides information on the variables' means, standard deviations, medians, maximums, and minimums.

5.3.1.1. Descriptive Statistics

Dependent variables: ROA & ROE

Time period: 2012-2020 (9 years)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Debt/Equity Ratio (in %)	63	0.00	1566.67	148.3149	266.379	3.622	.302	14.713	.595
Debt/Asset Ratio	63	0.00	103.89	14.5887	16.158	3.232	.302	15.232	.595
Degree of Financial Leverage (IN %)	63	-13.43	17.40	1.1373	2.992	.768	.302	22.591	.595
Return On Assets (in %)	63	-16.50	16.80	2.7100	6.137	.000	.302	.843	.595

Return On Equity (in %)	63	-224.70	229.30	5.062 2	60.738	-.776	.302	6.53 0	.595
Valid N (listwise)	63								

5.3.1.2. Interpretation of Descriptive Statistics

The above data gives overview of descriptive statistics of the variables. The dependent variables are Return on Assets and Return on Equity, and independent variables are debt/Asset ratio, Debt/Equity ratio, and degree of financial leverage.

With a highest mean value of 16.80 percent and a minimum mean value of -16.50 percent, the mean value, or average ROA of all 7 enterprises, comes out to be 2.7100 percent. The data points do not differ too much from the maximum and minimum mean values, according to the standard deviation of 6.137 percent, which indicates that the values in the data are relatively close to the mean or average value of the complete data set.

The average ROE across all 7 companies is 5.0622 percent, with ranges of -224.70 percent and 229.30 percent. The standard deviation turns out to be 60.738% which shows that the data values diverge much from the mean values.

With a highest mean value of 1566.67 percent and a minimum mean value of 0.00 percent, the mean value, or average Debt/Equity ratio of all 7 enterprises, comes out to be 148.3149 percent. The data points do differ a lot from maximum and minimum mean values, according to the standard deviation of 266.379 percent, which indicates that the values in the data are relatively very far from to the mean or average value of the complete data set. On the other hand, the values of Debt/Asset ratio are closer to each other like standard deviation is 16.158% and mean or average is 14.5887% similarly the minimum value of mean is 0% and maximum value is 103.89%.

5.3.2. Regression Analysis:

Descriptive Statistics			
	Mean	Std. Deviation	N
Return On Assets (in %)	2.7100	6.13718	63

Debt/Equity Ratio (in %)	148.3149	266.37999	63
Debt/Asset Ratio (in %)	14.5887	16.15801	63
Degree of Financial Leverage (IN %)	1.1373	2.99256	63

* Against the Return on Assets

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 ^a	.303	.267	5.25418

a. Predictors: (Constant), Degree of Financial Leverage (IN %), Debt/Equity Ratio (in %), Debt/Asset Ratio.

Model Summary.

The above table is interpreted as the independent variables i.e., Debt/Equity, debt/Asset, degree of financial leverage is creating the 0.267 or 26.7% variation in the dependent variable which is Return on Equity. R Square is said to be the coefficient of determination it shows how much the independent variables are creating the variation on the dependent variable.

Correlations

		Return On Equity (in %)	Debt/Equity Ratio (in %)	Debt/Asset Ratio Ratio	Degree of Financial Leverage (IN %)
Pearson Correlation	Return On Equity (in %)	1.000	-.386	-.447	.031
	Debt/Equity Ratio (in %)	-.386	1.000	.522	.017
	Debt/Asset Ratio	-.447	.522	1.000	.056
	Degree of Financial Leverage (IN %)	.031	.017	.056	1.000

Sig. (1-tailed)	Return On Equity (in %)		.001	.000	.405
	Debt/Equity Ratio (in %)	.001		.000	.447
	Debt/Asset Ratio	.000	.000		.331
	Degree of Financial Leverage (IN %)	.405	.447	.331	
N	Return On Equity (in %)	63	63	63	63
	Debt/Equity Ratio (in %)	63	63	63	63
	Debt/Asset Ratio	63	63	63	63
	Degree of Financial Leverage (IN %)	63	63	63	63

Correlations

The correlation between the dependent variable and the independent variables is displayed in the table above. The data show that Return on Equity strongly negatively correlates with both the debt-to-equity ratio and the debt-to-asset ratio, with a correlation between the two numbers of -0.386 and -0.447, respectively. This implies that both variables will be inversely proportional to one another, meaning that when the value of one variable rises, the value of the other variable falls. For example, if the debt/equity ratio rises, the return on equity ratio falls. However, there is no relationship between the degree of financial leverage and the return on equity ratio, which is 0.031..

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53727.361	3	17909.120	6.038	.001 ^b
	Residual	175001.664	59	2966.130		
	Total	228729.024	62			

a. Dependent Variable: Return On Equity (in %)

b. Predictors: (Constant), Degree of Financial Leverage (IN %), Debt/Equity Ratio (in %), Debt/Asset

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	29.602	9.582		3.089	.003		
	Debt/Equity Ratio (in %)	-.048	.030	-.208	-1.561	.124	.727	1.375
	Debt/Asset Ratio	-1.284	.503	-.342	-2.554	.013	.725	1.379
	Degree of Financial Leverage (IN %)	1.091	2.315	.054	.471	.639	.997	1.003

a. Dependent Variable: Return on Equity (in %)

Interpretation of Regression analysis for Return to Asset Ratio:

Descriptive Statistics

	Mean	Std. Deviation	N
Return On Equity (in %)	5.0622	60.73860	63
Debt/Equity Ratio (in %)	148.3149	266.37999	63
Debt/Asset Ratio (in %)	14.5887	16.15801	63
Degree of Financial Leverage (IN %)	1.1373	2.99256	63

* Against the Return on Equity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.485 ^a	.235	.196	54.46219

a. Predictors: (Constant), Degree of Financial Leverage (IN %), Debt/Equity Ratio (in %), Debt/Asset Ratio (in %)

The above table is interpreted as the independent variables i.e., Debt/Equity, debt/Asset, degree of financial leverage is creating the 0.196 or 19.6% variation in the dependent variable which is

Return on Equity. R Square is said to be the coefficient of determination it shows how much the independent variables are creating the variation on the dependent variable.

Correlations

		Return On Assets (in %)	Debt/Equity Ratio (in %)	Debt/Asset Ratio Ratio	Degree of Financial Leverage (IN %)
Pearson Correlation	Return On Assets (in %)	1.000	-.496	-.451	.057
	Debt/Equity Ratio (in %)	-.496	1.000	.522	.017
	Debt/Asset Ratio Ratio	-.451	.522	1.000	.056
	Degree of Financial Leverage (IN %)	.057	.017	.056	1.000
Sig. (1-tailed)	Return On Assets (in %)		.000	.000	.328
	Debt/Equity Ratio (in %)	.000		.000	.447
	Debt/Asset Ratio Ratio	.000	.000		.331
	Degree of Financial Leverage (IN %)	.328	.447	.331	
N	Return On Assets (in %)	63	63	63	63
	Debt/Equity Ratio (in %)	63	63	63	63
	Debt/Asset Ratio Ratio	63	63	63	63
	Degree of Financial Leverage (IN %)	63	63	63	63

The correlation between the dependent variable and the independent variables is displayed in the table above. According to the findings, debt-to-equity and debt-to-asset ratios have a substantial negative association with return on equity, with a correlation between the two numbers of -0.451 for debt-to-asset ratio and -0.496 for return on equity, respectively. This implies that both variables will be inversely proportional to one another, meaning that when the value of one variable rises, the value of the other variable falls. For example, if the debt/equity ratio rises, the return on equity ratio falls. However, there is no relationship between the degree of financial leverage and the 0.057 return on equity ratio.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	706.454	3	235.485	8.530	.000 ^b
	Residual	1628.778	59	27.606		
	Total	2335.232	62			

a. Dependent Variable: Return on Assets (in %)

b. Predictors: (Constant), Degree of Financial Leverage (in %), Debt/Equity Ratio (in %), Debt/Asset Ratio

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.236	.924		5.664	.000		
	Debt/Equity Ratio (in %)	-.008	.003	-.357	-2.800	.007	.727	1.375
	Debt/Asset Ratio	-.102	.048	-.269	-2.104	.040	.725	1.379
	Degree of Financial Leverage (IN %)	.161	.223	.078	.719	.475	.997	1.003

a. Dependent Variable: Return on Assets (in %)

5.3.3. Hypothesis Acceptance or Rejection:

H1: Debt management has positive relationship with Performance of the Firm.

On the basis of results, we can say that the debt management has some positive impact as when the debt gets managed efficiently it has direct impact on the performance of the firm So, this hypothesis gets accepted

H2: Debt/Equity ratio does impact Return on Assets and Return on Equity.

Yes, Debt/Equity ratio does impact return on asset and return of equity as they have inverse relation between them. So, this hypothesis gets accepted

H3: Debt/Asset ratio does impact Return on Assets and Return on Equity.

Yes, Debt/Asset ratio does impact return on asset and return of equity as they have inverse relation between them. So, this hypothesis gets accepted

H4: Degree of Financial Leverage ratio does impact Return on Assets and Return on Equity.

The result comes negative as there is no correlation between these variables, so we reject this hypothesis.

6. Conclusion

We may infer from the entire study that debt management affects the firm's performance in some way. The data above show that, with the exception of the level of financial leverage, there is a substantial negative connection between the independent variables. The dependent variable and independent variables have a correlation. According to the findings, debt-to-equity and debt-to-asset ratios have a substantial negative association with return on equity, with a correlation between the two numbers of -0.451 for debt-to-asset ratio and -0.496 for return on equity, respectively. This implies that both variables will be inversely proportional to one another, meaning that when the value of one variable rises, the value of the other variable falls. For example, if the debt/equity ratio rises, the return on equity ratio falls. However, there is no relationship between the degree of financial leverage and the 0.031 return on equity ratio. Additionally, it can be deduced from the above table that the independent variables—debt/equity, debt/assets, and the degree of financial leverage—are responsible for the variations in the dependent variables—return on equity and return on assets—of 0.196 and 0.267, or 19.6 percent and 26.7 percent, respectively. The coefficient of determination, or R Square, demonstrates how much the independent variables are responsible for the variance.

7. Limitation of Research

Like every other research this research also comes with some limitations. Particularly with this sample that was gathered in this research the data available in the Annual General Reports of the company was not fully available, so some of the ratios has to be calculated manually.

In this study few elements of both debt management and performance of firm were discussed some other elements are still missing for example in this study three elements of debt management like Debt/Equity ratio, debt/Asset ratio, and degree of financial leverage were reviewed; Dupont analysis is another important factor in determining the company's debt management.

The sample size of this research was Seven listed companies, for the future research aspirant they can take the larger sample size with larger time period because in this research the 9 years data was gathered. They can also do their research in industry other than Oil and Gas marketing companies. For this study there was the constraint of limited time period, that's why the quantitative research was conducted.

References

- Ade Onny Siagian, H. W. (2021). *The Effect of Debt/Asset Ratio, Return on Equity, and Current Ratio on Stock Prices of Pharmaceutical Companies Listed on the Indonesia Stock Exchange 2016-2019 Period*. Journal of World Conference.
- Ahmad M. Abu-Alkheil, W. A. (2017). *Do Islamic Banks Optimally Balance the Trade-Off in Capital Structure Mix? A Comparison Approach*. Creighton University Quarterly Journal of Finance and Accounting, Summer & Fall 2017.
- Alpi, M. F. (2018). *THE INFLUENCE OF THE DEBT/EQUITY RATIO, INVENTORY TURN OVER, AND CURRENT RATIO AGAINST THE RETURN ON EQUITY IN THE PHARMACEUTICAL SECTOR COMPANIES*. THE 11TH INTERNATIONAL WORKSHOP AND CONFERENCE OF ASEAN STUDIES IN LINGUISTICS, ISLAMIC AND ARABIC EDUCATION, SOCIAL SCIENCES AND EDUCATIONAL TECHNOLOGY .
- Asrizal Efendy Nasution, L. P. (2018). *The Effect of Debt/Equity Ratio and Total Asset Turnover on Return on Equity in Automotive Companies and Components in Indonesia*. Advances in Economics, Business and Management Research (AEBMR), volume 92.
- Bartov, E. (1993). *The Timing of Asset Sales and Earnings Manipulation*. American Accounting Association.
- Bhandari, L. C. (1988). *Debt/Equity Ratio and Expected Common Stock Returns: Empirical Evidence*. Wiley for the American Finance Association.
- Cekrezi, A. (2013). A literature review of the trade-off theory of capital structure. *Iliria International Review – 2013*.
- Dede Hertina, A. F. (20 April 2021). *The Influence of Current Ratio, Debt/Equity Ratio and Company Size on Return On Assets*. Turkish Journal of Computer and Mathematics Education Vol.12 No.8 (2021), 1702-1709.
- Dedek Kurniawan Gultom, D. D. (2020). *STUDY RETURN ON ASSET: THE EFFECT OF DEBT/EQUITY RATIO AND LONGTERM DEBT/EQUITY RATIO*. INTERNATIONAL PROCEEDING OF LAW & ECONOMICS.
- Dihin Septyanto, N. F. (2022). *An Empirical Test of The Financial Ratio Effect on Financial Distress in Indonesia (Study in Garment and Textile Industry)*. The Asian Institute of Research Economics and Business Quarterly Reviews.
- Eleonora Santos, R. A. (10 January 2022). *1- The Impact of Size on the Performance of Transnational Corporations Operating in the Textile Industry in Portugal during the COVID-19 Pandemic*. MDPI, Basel, Switzerland.
- Erik Syawal Alghifari, S. T. (1, January 2013). *Effect of Return on Assets (ROA) Against Tobin's Q: Studies in Food and Beverage Company in Indonesia Stock Exchange Years 2007-2011*. International Journal of Science and Research (IJSR).
- Farouq Altahtamouni, A. A. (21 March 2022). *Sustainable Growth Rate and ROE Analysis: An Applied Study on Saudi Banks Using the PRAT Model*. MDPI, Basel, Switzerland.

- Fauzia, A. H. (2018). *The Effect of Current Ratio, Debt/Equity Ratio and Return on Asset on Dividend Payout Ratio in Sub-sector Automotive and Component Listed in Indonesia Stock Exchange in Period 2012–2016*. International Conference of Organizational Innovation.
- Hantono. (31 December 2018). *THE EFFECT OF CURRENT RATIO, DEBT/EQUITY RATIO, TOWARD RETURN ON ASSETS (CASE STUDY ON CONSUMER GOODS COMPANY)*. Accounting Study Program, Prima Indonesia University, Jl. Belanga No.1 Simp. Ayahanda, Medan, 20118 Indonesia.
- Harahap, S. (2013). *Critical Analysis of Financial Statements*. Jakarta: PT Grafindo Persada Twelfth Printing.
- Hartanto, D. d. (2018). Pengaruh Kinerja Keuangan Terhadap Harga Saham Bank Umum Swasta Nasional yang Terdaftar di Bursa Efek Indonesia. *Jurnal Of Business Studies*.
- Harvey, C. R. (2012). *The free dictionary*. Retrieved from The free dictionary: <https://financial-dictionary.thefreedictionary.com/Financial+leverage+clientele>
- Investopedia, T. (2021, August 30). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/t/traditionalcapitalstructure.asp#:~:text=The%20traditional%20theory%20of%20capital%20structure%20says%20that%20for%20any,the%20marginal%20cost%20of%20equity>.
- Ion Ionașcu, M. I. (2021). DIGITAL TRANSFORMATION, FINANCIAL PERFORMANCE AND SUSTAINABILITY: EVIDENCE FOR EUROPEAN UNION LISTED COMPANIES. *Amfiteatru Economic*.
- Islam Abdeljawad, F. M.-N.-R. (2013). Dynamic Capital Structure Trade-off Theory: Evidence from Malaysia. *International Review of Business Research Papers Vol. 9. No. 6. November 2013*.
- John Henry Wijaya, . D. (20 April 2021). *Measurement Of Food And Beverage Company Profitability For 2014-2018 Using Working Capital, Debt/Equity Ratio And Current Ratio*. Turkish Journal of Computer and Mathematics Education Vol.12 No.8 (2021).
- John M. Harris Jr., R. L. (1983). Evidence of Financial Leverage Clienteles. *The Journal of Finance , Sep., 1983, Vol. 38, No. 4 (Sep., 1983)*.
- Kamar, K. (May. 2017). *Analysis of the Effect of Return on Equity (Roe) and Debt/Equity Ratio (Der) On Stock Price on Cement Industry Listed In Indonesia Stock Exchange (Idx) In the Year of 2011-2015*. IOSR Journal of Business and Management (IOSR-JBM).
- KUMAR, P. (Nov 2017). *RELATIONSHIP BETWEEN DEGREE OF FINANCIAL LEVERAGE AND EARNING PER SHARE*. International Journal of Research in Business Management .
- Liesz, T. J. (2002). *REALLY MODIFIED DU PONT ANALYSIS: FIVE WAYS TO IMPROVE RETURN ON EQUITY*. Citeseer: Proceedings of the SBIDA Conference.
- Lihui Xiong, J. F. (15 May 2022). *An Economic Evaluation of Targeted Reserve Requirement Ratio Reduction on Bank Ecosystem Development*. MDPI, Basel, Switzerland.
- Lusy, Y. B. (December 2018). *Effects Of Current Ratio And Debt-To-Equity Ratio On Return On Asset And Return On Equity*. International Journal of Business and Management Invention (IJBMI) .

- MCCONNELL, W. G. (1978). Financial Leverage Clienteles Theory And Evidence. *Journal of Financial Economics* 7 (1979) 833109.
- Mimelientesa Irman, A. A. (2020). *Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has Been Registered In Indonesia Stock Exchange Within 2011-2017*. International Journal of Economics Development Research.
- Mimelientesa Irman, A. A. (2020). Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has. *International Journal of Economics Development Research, Volume I(1), 2020*.
- Mimelientesa Irman, A. A. (2020). Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has Been Registered In Indonesia Stock Exchange Within 2011-2017. *International Journal of Economics Development Research, Volume I(1), 2020*.
- Mimelientesa Irman, A. A. (2020). Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has Been Registered In Indonesia Stock Exchange Within 2011-2017. *International Journal of Economics Development Research, Volume I(1), 2020*.
- Mimelientesa Irman, A. A. (2020). *Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has Been Registered In Indonesia Stock Exchange Within 2011-2017*. International Journal of Economics Development Research, Volume I(1), 2020.
- Mimelientesa Irman, A. A. (2020). *Analysis On The Influence Of Current Ratio, Debt/Equity Ratio and Total Asset Turnover Toward Return On Assets On The Otomotive and Component Company That Has Been Registered In Indonesia Stock Exchange Within 2011-2017*. International Journal of Economics Development Research, Volume I(1), 2020.
- Mirna Dianita, D. T. (2021). The Effect Of Return On Assets (Roa) And Return On Equity (Roe) Towards Changes In Share Prices: (Study On The Pharmaceutical Industry Listing On The Idx For The Period 2015-2019. *Turkish Journal of Computer and Mathematics Education* .
- Mochamad Kohar Mudzakar, I. P. ((2021). The Effect Of Return On Asset, Return On Equity, Earning Per Share, And Price Earning Ratio Toward Stock Return: Empirical Study Of TransportatioN. *Turkish Journal of Computer and Mathematics Education*.
- Mohd. Heikal, M. K. (December 2014). *Influence Analysis of Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt/Equity Ratio (DER), and current ratio (CR), Against Corporate Profit Growth In Automotive In Indonesia Stock Exchange*. International Journal of Academic Research in Business and Social Sciences.
- Mooij, R. A. (2012). *Tax Biases to Debt Finance: Assessing the Problem, Finding Solutions*. Wiley Fiscal Studies , December 2012, Vol. 33, No. 4.

- Murtaqi, A. H. (2014). *THE EFFECT OF NET PROFIT MARGIN, PRICE TO BOOK VALUE AND DEBT/EQUITY RATIO TO STOCK RETURN IN THE INDONESIAN CONSUMER GOODS INDUSTRY*. JOURNAL OF BUSINESS AND MANAGEMENT.
- Murugesan Selvam, J. G. (July 2016). *Determinants of Firm Performance: A Subjective Model*. International Journal of Social Science Studies.
- Rutkowska-Ziarko, A. (6 January 2022). *Market and Accounting Measures of Risk: The Case of the Frankfurt Stock Exchange*. MDPI, Basel, Switzerland.
- Wahyudi, W. I. (2015). *Effect of Earning Per Shares (EPS) and Return On Assets (ROA) against Share Price on Coal Mining Company Listed in Indonesia Stock Exchange*. Journal of Resources Development and Management.
- Wang, Z. (2013). *Do the Investment and Return-on-Equity Factors Proxy for Economic Risks?* Wiley on behalf of the Financial Management Association International.
- Wikipedia. (2021, March 5). *Wikipedia the free encyclopedia*. Retrieved from Wikipedia the free encyclopedia: https://en.wikipedia.org/wiki/Trade-off_theory_of_capital_structure
- ZAMAN, M. B. (February 2021). *Influence of Debt To Total Asset Ratio (DAR) Current Ratio (CR) and Total Asset Turnover (TATO) on Return On Asset (ROA) and Its Impact on Stock Prices on Mining Companies on the Indonesia Stock Exchange in 2008-2017*. JOURNAL OF INDUSTRIAL ENGINEERING & MANAGEMENT RESEARCH.

Muneeb Thesis updated 2

ORIGINALITY REPORT

16%

SIMILARITY INDEX

14%

INTERNET SOURCES

6%

PUBLICATIONS

8%

STUDENT PAPERS

PRIMARY SOURCES

1	www.coursehero.com Internet Source	1%
2	Submitted to Higher Education Commission Pakistan Student Paper	1%
3	www.researchgate.net Internet Source	1%
4	Submitted to University of Leicester Student Paper	1%
5	etd.aau.edu.et Internet Source	1%
6	Muhammad Mushafiq. "Industry-level analysis of COVID-19's impact in emerging markets – evidence from Pakistan", International Journal of Emerging Markets, 2021 Publication	1%
7	essay.utwente.nl Internet Source	<1%

8	Submitted to Kaplan College Student Paper	<1 %
9	www.theibfr2.com Internet Source	<1 %
10	Submitted to University of Strathclyde Student Paper	<1 %
11	scholarworks.waldenu.edu Internet Source	<1 %
12	proceedings.worldconference.id Internet Source	<1 %
13	academic-accelerator.com Internet Source	<1 %
14	Submitted to Asia Pacific University College of Technology and Innovation (UCTI) Student Paper	<1 %
15	repositori.ukdc.ac.id Internet Source	<1 %
16	Submitted to Billy Blue Group Student Paper	<1 %
17	garuda.ristekbrin.go.id Internet Source	<1 %
18	repository.unpad.ac.id Internet Source	<1 %
19	repository.up.ac.za	

Internet Source

<1 %

20

en.wikipedia.org

Internet Source

<1 %

21

storage.googleapis.com

Internet Source

<1 %

22

journal.accountingpointofview.id

Internet Source

<1 %

23

Submitted to Westcliff University

Student Paper

<1 %

24

jurnal.unublitar.ac.id

Internet Source

<1 %

25

repository.dinamika.ac.id

Internet Source

<1 %

26

Submitted to Taylor's Education Group

Student Paper

<1 %

27

erepository.uonbi.ac.ke

Internet Source

<1 %

28

www.questia.com

Internet Source

<1 %

29

stars.library.ucf.edu

Internet Source

<1 %

30

Submitted to Grenoble Ecole Management

Student Paper

<1 %

31	Submitted to Vrije Universiteit Brussel Student Paper	<1 %
32	iiste.org Internet Source	<1 %
33	Submitted to University of South Australia Student Paper	<1 %
34	eprints.gouni.edu.ng Internet Source	<1 %
35	goodwoodpub.com Internet Source	<1 %
36	hrmars.com Internet Source	<1 %
37	mdpi-res.com Internet Source	<1 %
38	Submitted to Middle East Technical University Student Paper	<1 %
39	Submitted to Xiamen University Student Paper	<1 %
40	ejournal.ukrida.ac.id Internet Source	<1 %
41	Submitted to Glyndwr University Student Paper	<1 %
42	turcomat.org Internet Source	<1 %

43 www.bimba.edu.cn Internet Source <1 %

44 ejournal.upbatam.ac.id Internet Source <1 %

45 rigeo.org Internet Source <1 %

46 www.theseus.fi Internet Source <1 %

47 "Recent Advances in Intelligent Systems and Smart Applications", Springer Science and Business Media LLC, 2021
Publication <1 %

48 1library.net Internet Source <1 %

49 Rahmat Prasetyo Mulyono, Elfreda Aplonia Lau dan Umi Kulsum. "PENGARUH CURRENT RATIO (CR), DEBT TO EQUITY RATIO(DER), RETURN ON ASSET(ROA) TERHADAP HARGA SAHAM PERUSAHAAN MANUFAKTUR SUB SEKTOR TRANSPORTASI DI BURSA EFEK INDONESIA TAHUN 2015-2018", DEDIKASI, 2021
Publication <1 %

50 Scholar.ufs.ac.za Internet Source <1 %

repository.uinsu.ac.id

51

Internet Source

<1 %

52

www.conscientiabeam.com

Internet Source

<1 %

53

archives.palarch.nl

Internet Source

<1 %

54

media.neliti.com

Internet Source

<1 %

55

myassignmenthelp.com

Internet Source

<1 %

56

ntsresults.org

Internet Source

<1 %

57

theses.gla.ac.uk

Internet Source

<1 %

58

www.internationaljournalsrsg.org

Internet Source

<1 %

59

emrbi.org

Internet Source

<1 %

60

eprints.qut.edu.au

Internet Source

<1 %

61

eudl.eu

Internet Source

<1 %

62

koreascience.or.kr

Internet Source

<1 %

63	persuasivewritinghelp.blogspot.com Internet Source	<1 %
64	stclements.edu Internet Source	<1 %
65	www.nepjol.info Internet Source	<1 %
66	www.theijbmt.com Internet Source	<1 %
67	Ivana Milošev. "Profitability and optimal debt level of large firms in Serbia", <i>Ekonomija: teorija i praksa</i> , 2021 Publication	<1 %
68	repository.maranatha.edu Internet Source	<1 %
69	"Lessons in Corporate Finance", Wiley, 2016 Publication	<1 %
70	Muhammad Khusni Mubarrok, Mohammad Wasil, I. G. A. Aju Nitya Dharmani. "Predictions of Financial Distress in Consumption Goods Industrial Companies Listed on the Indonesia Stock Exchange in 2016-2018", <i>Quantitative Economics and Management Studies</i> , 2020 Publication	<1 %
71	Rabi'ah Dea Ihsaniah, Mohamad Adam, Yuliani *. "PENGARUH PROFITABILITAS, LIKUIDITAS, FIRM SIZE DAN SOLVABILITAS	<1 %

TERHADAP KEBIJAKAN DIVIDEN PADA
PERUSAHAAN SEKTOR INDUSTRI BARANG
KONSUMSI YANG TERDAFTAR DI BURSA EFEK
INDONESIA", Jurnal Manajemen dan Bisnis
Equilibrium, 2020

Publication

72

garuda.kemdikbud.go.id

Internet Source

<1 %

73

lup.lub.lu.se

Internet Source

<1 %

Exclude quotes On

Exclude matches < 5 words

Exclude bibliography On

Muneeb Thesis updated 2

GRADEMARK REPORT

FINAL GRADE

/0

GENERAL COMMENTS

Instructor

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8

PAGE 9

PAGE 10

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20

PAGE 21

PAGE 22

PAGE 23

PAGE 24

PAGE 25

PAGE 26

PAGE 27

PAGE 28

PAGE 29

PAGE 30

PAGE 31

PAGE 32

PAGE 33

PAGE 34

PAGE 35

PAGE 36

PAGE 37
