

IMPACT OF OBS INVESTMENTS UNDER EQUITY METHOD ON THE LEVERAGE AND PROFITABILITY OF KSE LISTED COMPANIES

By

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No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	15-1-15	BUKC	Inputing data in SPSS and test runing	Hira
6	3-2-15	BUKC	Data analysis through SPSS	Hira
7	17-2-15	BUKC	Discussing results and concluding them	Hira

APPROVAL FOR EXAMINATION

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ABSTRACT

Purpose- The aim of this research study was to analyze the impact of off-balance sheet (OBS) investment under Equity Method (EM) on the leverage and profitability of KSE listed companies as OBS financing is increasing in Pakistan.

Methodology/sample- Study requires the financial data of the KSE listed companies from 2010-2013 that is why this secondary data is collected from the annual reports of companies. There are 36 sectors listed on Karachi Stock Exchange constituting a sample frame of 582 companies, a sample of 34 companies have been taken from this sample frame and stratification has been done to collect the sample from each sector. To get the results and analyze the data, ANOVA, Regression and Correlation tests have been applied.

Findings- The analysis and results suggested that although OBS investments recorded under EM decrease leverage of companies in the presence of intervening variables affect i.e. profitability of firm, but there is a weak relationship between OBS investments recorded under Equity method and leverage of KSE listed companies. It is also observed that OBS investments under EM have a weak but positive relation with the profitability of KSE listed companies.

Keywords: Equity Method, Off-Balance sheet investment, leverage, profitability.

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