CAPITAL STRUCUTRE DETERMINANTS OF KSE LISTED FUEL AND ENERGY COMPANIES

By

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Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
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6	11 Dec 2014	Faculty 7	Discussion of Eviews Results.	Rubia
7	18 Dec 2014	Faculty 7.	Discussion of Critical debate & Conclusion.	Rubia

APPROVAL FOR EXAMINATION

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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 ----18%---- 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: _____ Date: 24 March 2015

Name: M. AKBAR SAEED

HoD's Signature: _____ Date: 24-3-15

Abstract

Purpose: This study aims to identify the determinants of the optimal capital structure and its effect on firm's growth and financing behavior in fuel and energy sector of Pakistan.

Methodology/sample: The impact of growth opportunity, earning volatility, profitability, liquidity, NDTS, size of the firm, asset tangibility and taxes on the capital structure of KSE listed fuel and energy firms was investigated. Panel data for 23 companies for period of five year (2009 – 2013) was analyzed using correlation and regression.

Findings: The results showed that capital structure has negative correlation with earning volatility, liquidity and taxes, whereas it is positively correlated with growth opportunity, profitability, NDTS, size of the firm and asset tangibility. Earning volatility, liquidity, growth opportunity and profitability are statistically significant whereas size of the firm, asset tangibility, NDTS and taxes are statistically insignificant.

Practical implications: The findings of this research enhance the knowledge of the determinants of optimal capital structure and are likely to help firms take effective capital structure related decisions. Furthermore this study is likely to help financial decision makers better adjust towards considering and adopting proficient ways to manage firms capital structure.

Keywords: Capital structure, fuel and energy, KSE, leverage, profitability.

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