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# ANALYZING STRUCTURAL AND MARKET INFLUENCES ON PROFITABILITY IN LISTED COMPANIES OF PAKISTAN

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## Abstract

This paper investigates the extent and direction of influence that several variables, liquidity, financial leverage, sales growth, company size, average tax rates, and specifically credit rating, have on the profitability of companies that are listed on the Pakistan Stock Exchange in 2023. In the research, multiple regression analysis is used to establish the extent to which the above factors affect profitability, especially with reference to credit ratings. The study shows that credit ratings and financial leverage have solid and positive relationships with profitability. However, the effects of other market forces are still challenging to determine, and new industry growth rates are not as consistent as may seem. The regression analysis shows that the above independent variables explain a 36.3% variation in Return on Asset (ROA) and a 32.7% variation in Return on Equity (ROE) with a 5% significant level. Although other related studies have considered the course, this study is different in that credit ratings are examined in relation to profitability. The findings endorse conceptual literature conclusions on credit rating and profitability as evidenced in the previous literature. This research is useful to investors, creditors, and firm management who need to assess possible profitability by employing certain financial ratios, especially credit scores. More empirical studies could expand this thinking to unquoted businesses and SMEs in diverse industries.

**Keywords:** Profitability, Liquidity Management, Capital Structure, Financial Indicators, Emerging Markets.

## Introduction

Profitability, which is simply whether a company can make money, has been a key topic in many accounting and finance studies. Malik (2011) noted that profitability is vital for measuring a company’s performance. It shows the company's progress, improvement, and ability to sustain itself in the future. Understanding profitability's importance, researchers have been conducting studies to find ways to improve it.

Profitability measures are also important to determine whether companies can continue earning money and paying their debts on time. Profitability also helps managers decide on necessary improvements or changes (Edgar O. Edwards, 1961). It

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is also a key barometer for investors as they need profitability data to understand how companies are doing and to predict their long-term growth potential.

In 2023, the PSX experienced a significant turnaround, which made this year unique. The KSE-100 index reached new peaks and became the best-performing investment in the country, providing investors with a nearly 55% return at the closing level of 62,451.04 over the year in rupee terms. (Ahmed, 2024). A key reason for this upsurge was healthy earnings announcements by many listed companies.

This study attempts to explore the reasons for this upsurge in profitability by assessing the impact of financial structure and market influences on profitability in companies listed on the Pakistan Stock Exchange (PSX). Moreover, there is a need to reexamine the determinants of profitability in the specific and dynamic economic landscape of Pakistan. In this regard, it tests the major determinants of profitability by empirically examining the impact of a broader list of factors, including firm size, sales growth, liquidity, leverage, tax impact and credit ratings on the profitability of companies in Pakistan.

As we know, a credit rating is an assessment of an entity's ability to pay its financial obligations by credit rating agencies. Each agency has different measurement methodologies, scales and symbols where typically ratings range from top "AAA" to the lowest "D," divided between investment grades and non-investment grades with a prime focus on the entity's risk of default. Credit rating agencies also incorporate several other performance measures like ROA, Tobin Q and stock return to assess the credit rating of the company under review (Singal, 2013). Ratings are assigned as letter grades, going from a top rating of AAA down to a D when a firm defaults, where AAA takes a value of 26 and D has a value of 1. (Singal, 2013). The logical assumption is that when a company's rating is downgraded, it entails an increase in borrowing costs, which in turn escalates interest expenses, leading to a suppressed profit. Duffie (2010) analyzes the actual impact of credit ratings on profitability in the context of listed firms in Pakistan.

## Research Gap

There is a lack of such studies in Pakistan, which are critical for investors in making investment decisions on the bourse and creditors in assessing risks. Furthermore, it is necessary to assess the influence of financial management on corporate profitability, as working capital management has a strong impact on firms' operating and market fundamentals. Ahsan Akbar (2021), in this area, past studies are relatively very old and cover a very narrow range of variables. Besides, the impact of credit ratings on the profitability of Pakistani listed companies has rarely been assessed, making this research novel. It is logically believed that when a company's rating is downgraded, there is a subsequent increase in the cost of debt, leading to a hike in interest expenses, resulting in diminished profitability. Based on this notion, it is pertinent to assess the impact of credit ratings on profitability. Hence, this research paper attempts to elucidate a broader range of determinants of profitability and add them to the literature, which will benefit subsequent studies on such topics. This research also helps analysts and decision-makers forecast the income of different companies and sectors based on the assumed financial ratios and credit ratings.

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## Research Questions

The study attempts to address the following research questions (RQ):

1. What are the different fundamental financial factors that determine profitability?
2. Is there a relationship between selected financial factors and profitability?
3. To what extent do leverage and liquidity influence profitability?
4. Do their respective credit ratings have any impact on the profitability of the firms?

## Research Objectives

This paper examines the relationship between profitability and a series of factors. Wherein the research seeks to achieve the following objectives:

- Identify the existence of a relationship between selected financial factors and profitability.
- Identify the impact of selected financial factors on profitability.
- Analyze the influence of leverage and liquidity on profitability.
- Identify the impact of credit ratings on profitability.

## Theoretical Framework

This study is built on the resource-based view (RBV), which states that organizations can obtain a competitive edge by managing their internal resources, including financial and operational assets (Barney, 2021). Specifically, it studies the influence of financial metrics—Growth (G), Current Ratio (CR), Debt-to-Equity Ratio (DE), and Liquidity Ratio (LR)—on profitability indicators such as Return on Equity (ROE) and Return on Assets (ROA). It also takes into account ideas from capital structure theory, which emphasizes how crucial debt management is to boosting profitability (Graham & Leary, 2022). The study also makes use of the theory of liquidity management, emphasizing how important cash flow management is to long-term financial stability and growth (Aktan, 2022).

## Significance of the Study

This study is especially relevant in helping firms stay competitive and resilient. It fills a critical knowledge gap about how financial indicators affect profitability in emerging economies, specifically in Pakistan's corporate sector. For practitioners, the findings offer practical insights into optimizing liquidity, growth, and leverage to achieve improved financial outcomes. Policymakers can use the findings to develop regulatory frameworks aimed at encouraging financial stability and enhancing corporate governance.

## Literature Review

Available literature has shown that firms' profitability and earnings growth play a major role as cross-sectional determinants of stock returns. (Bryan Lim, 2024). While on the other hand, (Alarussi, 2003) Believes that profitability is an important factor for employees and society, and business organizations provide stability and sustainability to both.

Past research has confirmed that high-profitability, low-growth firms are more likely to become high-profitability, high-growth firms compared with firms that start from a position of high growth and low profitability. On the other hand, business entities that grow at low levels of profitability are not very likely to achieve high profitability because of their expansion. Instead, they are considerably more likely to transition to the sub-sample of firms that are below average in both growth and profitability (Per Davidsson, 2009).

Furthermore, Lee (2009) analyzed over 7,000 US publicly-held firms during the period 1987–2006 using a fixed-effects dynamic panel data model, proving that profit rates are positively correlated with firm size in a non-linear manner, holding an array of firm- and industry-specific characteristics constant. A recent study conducted by Felix Anton Sklenarz (2024) confirmed that the size of the company influences its profitability. This research further affirmed that the market share of the company has a significantly positive relationship with its profitability.

In this regard, the Law of Proportionate Effect (LPE) states that if a firm growth rate is unrelated to firm size and prior growth rate, then the company's growth follows a random walk, and the variance of firm size can increase indefinitely. On the other hand, Persistence of Profit (POP) refers to the phenomenon that if the growth rate is inversely related to firm size, firm growth will converge in the long run at a certain level due to market competition. This means that if a company's entry and exit are totally free, any abnormal profits quickly disappear and converge toward the average value in the long run. Moreover, although it is generally thought that firm growth and profitability influence each other, they are not necessarily connected, as it is difficult to capture a clear causality and direction. When time lags are incorporated into the models to check the relationship between the growth of a company and its profitability, the relations get even more complicated due to the vague influences of different time lags (Jang & Park, 2011).

On the other hand, liquidity is the management of a company's current assets and liabilities. It is important to define whether a firm will be able to effectively manage its short-term obligations. Therefore, firms attempt to maintain a balanced liquidity ratio to cover their short-term liabilities. (Rizwan A. Khan, 2016). Liquidity is critical for profitability, as it allows firms to meet short-term obligations and grab investment opportunities. Liquidity has a significant positive impact on profitability (Charmler, 2018).

In the same context, Alarussi (2003) is of the view that positive working capital has a critical impact in lowering the cost of capital and thus is crucial to improving companies' profitability. Further, Fazzari (1987) says that firms are constrained in their ability to raise funds externally as investment spending might be sensitive to the

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availability of internal finance, which means that investment may exhibit extra sensitivity to movements in cash flow. Hence, capital structure decisions are critical to maximizing shareholders' wealth and the firm's value as it is related to the way the firm finances its operations and long-term investment through a combination of debt and equity. Factors that affect capital structure decisions have basically classified these factors into two categories:

1. External factors comprising macroeconomic conditions such as inflation and interest rate and

2. Internal factors that are firm-specific, including profitability, liquidity, company size, asset tangibility and non-debt tax shield (Aktan, 2019).

Leverage measures a company's indebtedness relative to the size of its asset base. It is a mechanism by which a firm can enhance the outcome of its shareholder-related activities. By adding lenders' funds to equity shareholders' funds, a company can magnify the scope of its operations and still retain the residual claim to profits after paying interest on the loans (Majumdar, 1999).

In the relationship between taxes and profitability, Graham (2015) states that high-tax rate firms pursue policies that provide them with better tax benefits. The study emphasized the need to analyze whether tax effects are of first-order importance, why firms do not pursue tax benefits more aggressively, and whether corporate profitability is directly affected by the level of taxes.

This study also explores the impact of credit ratings on profitability. The rating agencies are said to have a generally tight relationship between their rankings and the likelihood of defaults. However, there is an inherent risk with outsourcing regulatory judgments based on "issuer pays" business models to three deep-seated credit rating agencies, which has led to the boom and bust in housing prices and subsequent financial crises in the past (White, 2010). There is an interesting phenomenon that when companies are close to a credit rating upgrade or downgrade, they issue less debt relative to equity than those that are far from a change in rating. This behavior is consistent with discrete costs (benefits) of rating changes but is not explained by traditional capital structure theories. The results are, however, consistent with previous empirical tests of the pecking order and tradeoff capital structure theories (Kisgen, 2006).

The purpose of credit rating agencies is to clear the vagueness of asymmetric information by offering a rational opinion about the credit quality of bonds that organizations issue. Among around 150 credit rating agencies worldwide, Moody's, Standard & Poor's, and Fitch hold a dominant position (White, 2010). Each rating agency uses a unique but predefined methodology for evaluating the creditworthiness of firms and their risk of default. They use different lettering systems that summarize their opinions about debt-issuing organizations. Credit ratings are available to the public free of charge. Rating agencies are paid by the firms being rated, leading to a possible conflict of interest between the desire of the issuers to get favorable ratings and maintaining accuracy and integrity in their ratings. Aktan's (2019) in-depth analysis is required to assess potential conflicts of interest, alleged unfair practices, and alleged deficiencies in rating agency disclosure practices (Frost, 2007).

Previous studies have identified positive correlations with liquidity, solvency, asset turnover, and leverage. The impact of these factors on profitability has also been explored, emphasizing the importance of efficient financial management. Additionally, credit ratings emerge as a significant factor influencing profitability through their impact on access to capital.

**Study Hypotheses**

**$H_1$: Credit rating**

$H_o$: There is a positive relationship between credit rating and Profitability.

$H_a$: There is no positive relationship between credit rating and profitability.

**$H_2$: Liquidity**

$H_o$: There is a positive relationship between liquidity and Profitability.

$H_a$: There is no positive relationship between liquidity and profitability.

**$H_3$: Leverage**

$H_o$: There is a negative relationship between Leverage and Profitability.

$H_a$: There is no negative relationship between leverage and profitability.

**$H_4$: Sales Growth**

$H_o$: There is a positive relationship between Sales Growth Rate and Profitability.

$H_a$: There is no positive relationship between sales growth and profitability.

**$H_5$: Average Tax rate**

$H_o$: There is a negative relationship between the average tax rate and Profitability.

$H_a$: There is no negative relationship between the average tax rate and profitability.

**$H_6$: Company size**

$H_o$: There is a positive relationship between Company size and Profitability.

$H_a$: There is no positive relationship between company size and profitability.

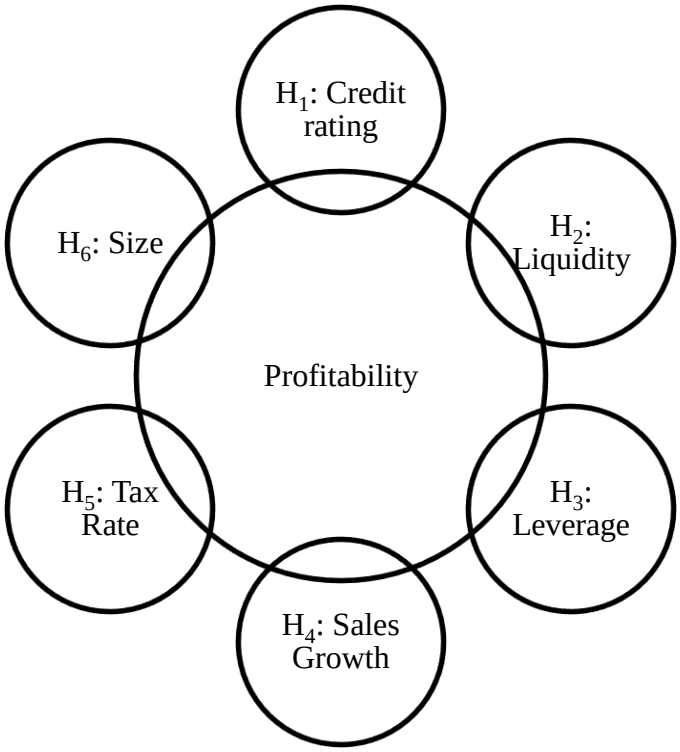
**$H_7$: Different factors and their impact on profitability.**

$H_o$: The above factors have a significant impact on profitability.

$H_a$: There is no significant impact of the above factors on profitability.

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**Factors Affecting Profitability: Figure 1 – Model Summary**




## Research Methodology

The paper studies the common factors influencing profitability, adding a relatively unexplored factor, i.e., credit ratings, by taking a sample from the target population of listed companies on the Pakistan Stock Exchange (PSX). The main reason for selecting listed companies on PSX is the availability of information and data, especially with respect to credit ratings.

The study covered financial data of **135 listed companies** with their ratings, with the sample size representing ~25% of the All Share (544 scrips) index. These companies were selected based on the highest market capitalization as well as the availability of data and credit ratings. This study uses a **cross-sectional look over the industries for the financial data for the year 2023**. The financial data was collected from the company's financial statements, PSX, SBP, VIS and PACRA, as well as other secondary data portals, including Stock Intel, Zakheera and SC Securities. As the study aims to identify factors impacting profitability, it uses **Return on Equity (ROE)** and **Return on Assets (ROA) as proxies for profitability**, as a practice followed in previous studies on this topic.

The study performed the following **Ordinary Least Square (OLS) multiple regression model** using IBM SPSS.

$$\text{Profitability}_{i,t}\,(\text{ROA}) = \beta_0 + \beta_1 CR + \beta_2 LR + \beta_3 DE + \beta_4 TR + \beta_5 G + \beta_6 S + \varepsilon$$

model 1

$$\text{Profitability}_{i,t}(ROE) = \beta_0 + \beta_1 CR + \beta_2 LR + \beta_3 DE + \beta_4 TR + \beta_5 G + \beta_6 S + \varepsilon$$

model 2

Where:

- ROA represents **Return on Assets** as a proxy for Profitability *(as a Dependent Variable)*
- ROE represents **Return on Equity** as a proxy for Profitability (as a Dependent Variable)
- CR represents **Credit Rating**.
- LR represents the **Current Ratio** as a proxy for **liquidity**.
- DE represents **Debt-to-equity** as a proxy for **Leverage**.
- TR represents the **Average Tax Rate**.
- G represents **Growth** of sales.
- S represents **Total Assets** as a proxy for **Firm Size**.
- ε for error.

The level of significance was set at 5%, and the statistical test results were calculated using a 2-tailed level of significance.

## Analysis and Interpretation

### Descriptive Results

Using SPSS software, the descriptive results of the collected data show that the average ROE is 14.12%, its minimum is -27.4% and its maximum is 57%.

As for ROA, the mean is 5.6%, the minimum is -8.45%, and the maximum is 32.22%, reflecting a larger variation of 15% in ROE as compared to ROA, which has a standard deviation of 7.3%.

**Table 01: Descriptive Analysis**

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| S | 136 | 3343.08 | 6652707.44 | 374353.70 | 1029758.08 |
| G | 136 | -81.4% | 137.7% | 19.95% | 36.09% |
| ROA | 136 | -8.45% | 32.22% | 5.60% | 7.31% |
| ROE | 136 | -27.4% | 57.0% | 14.12% | 15.14% |
| TR | 136 | -2521.9% | 422.1% | 9.47% | 243.84% |
| LR | 135 | 0.12 | 14.13 | 1.48 | 1.48 |
| DE | 117 | 0% | 2% | 0.72% | 0.58% |

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**Figure – 2: Distribution of Credit Rating**

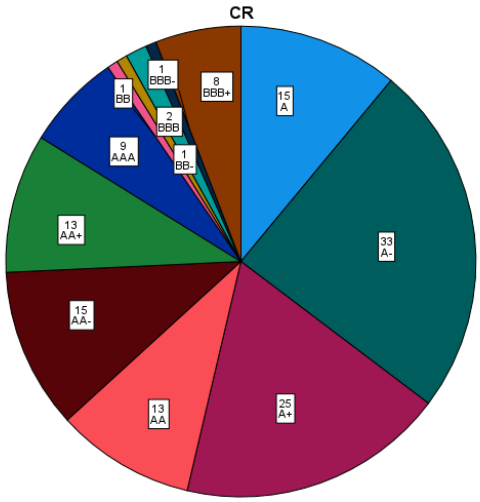



Figure 02, regarding the distribution of companies by credit ratings, suggests that the highest concentration of companies lies in the A- (35) and A+ (25) within the selected sample, which reveals a general tendency of issuing a favorable rating to firms by credit rating agencies. A similar bias was referred to by (Aktan, 2019) It is mentioned that the firms paying for the credit ratings compromise the neutrality of the credit rating agencies.

**Research Framework / Empirical Analysis**

In this study, several factors concerning the chosen variables were checked before running the regression model.

- Initially, the independent variables were tested for a linear relationship with the dependent variables. The results of all except credit ratings, which is an ordinal scale, affirm the linear relationship**.**

- Then, the data is checked for multicollinearity among the independent variables. The study adopted two techniques: Tolerance and Variation of Inflation (VIF). **The results of the Tolerance test came within the range of 0.84-0.96, which is higher than 0.2 for all the variables, and all had values close to 1, which is less than 3 for the VIF test. These results show that no problem of multicollinearity exists.**

- Subsequently, a Durbin-Watson technique was conducted to test for independent observations. **The value of the Durbin-Watson Test is 2.047 for ROA and 2.037 for ROE, which reflects independence, meaning that we do not need to consider autocorrelation to be a problem in these regression models.**

- The study conducted a **Pearson Correlation Matrix** whereby the relationship between the independent variables and the ROA, as well as the relationship between the independent variables and ROE, are measured.

| Table 02: Model 1 (ROA) Coefficients | | | |
|---|---|---|---|
| Model | | Collinearity Statistics | |
| | | Tolerance | VIF |
| 1 | S | 0.952 | 1.050 |
| | G | 0.937 | 1.067 |
| | TR | 0.934 | 1.071 |
| | LR | 0.853 | 1.172 |
| | DE | 0.843 | 1.186 |
| a. Dependent Variable: ROA | | | |

Table 02 presents the collinearity statistics for the independent variables (S, G, TR, LR, and DE) in Model 1, where the dependent variable is Return on Assets (ROA). The Tolerance values are all close to 1, indicating that there is no severe multicollinearity among the predictors. The Variance Inflation Factor (VIF) values, which measure the same, are also below the threshold of 10, further confirming the absence of multicollinearity. The variables DE (Debt to Equity) and LR (Liquidity Ratio) show slightly higher VIF values compared to others but remain well within acceptable limits, suggesting that these variables can reliably be included in the regression model.

| Table 03: Model 2 (ROE) Coefficients | | | |
|---|---|---|---|
| Model | | Collinearity Statistics | |
| | | Tolerance | VIF |
| 1 | S | 0.952 | 1.050 |
| | G | 0.937 | 1.067 |
| | TR | 0.934 | 1.071 |
| | LR | 0.853 | 1.172 |
| | DE | 0.843 | 1.186 |
| a. Dependent Variable: ROE | | | |

Table 03 reports the collinearity statistics for the independent variables (S, G, TR, LR, and DE) in Model 2, with Return on Equity (ROE) as the dependent variable. The Tolerance and VIF values for all predictors are identical to those in Table 02, indicating consistent relationships across the models. Tolerance values remain close to 1, and VIF values are low, ensuring no multicollinearity among the predictors. This shows that the same set of independent variables is suitable for predicting ROE without redundancy or interdependence issues.

| Table 04: Model 1 (ROA) Summary | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | 0.540[a] | 0.292 | 0.260 | 6.57% | 2.04 |
| a. Predictors: (Constant), DE, S, G, TR, LR | | | | | |
| b. Dependent Variable: ROA | | | | | |

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Table 04 summarizes the results of the regression analysis for Model 1, where ROA is the dependent variable. The R value (0.540) indicates a moderate level of correlation between the predictors and ROA. The R Square value (0.292) shows that 29.2% of the variation in ROA can be explained by the independent variables (DE, S, G, TR, LR). The Adjusted R Square (0.260) accounts for the number of predictors in the model, slightly lowering the explained variance. The standard error of the estimate (6.57%) represents the average deviation of the observed ROA values from the predicted values. The Durbin-Watson statistic (2.04) is close to 2, suggesting that there is no significant autocorrelation in the residuals of the model.

**Table 05: Model 2 (ROE) Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | 0.475[a] | 0.225 | 0.191 | 13.7593% | 2.037 |
| a. Predictors: (Constant), DE, S, G, TR, LR | | | | | |
| b. Dependent Variable: ROE | | | | | |

Table 05 provides the regression summary for Model 2, where ROE is the dependent variable. The R value (0.475) reflects a moderate correlation between the predictors and ROE, slightly lower than that in Model 1. The R Square value (0.225) indicates that the independent variables explain 22.5% of the variation in ROE. The Adjusted R Square (0.191) accounts for the predictors and reduces the explained variance. The standard error of the estimate (13.7593%) is larger compared to Model 1, showing greater variability in predicting ROE. Similar to Model 1, the Durbin-Watson statistic (2.037) indicates no significant autocorrelation in the residuals, supporting the model's reliability.

## Multiple regression analysis

The study conducted a Pearson Correlation Matrix to measure the relationship between the independent variables and the ROA and ROE. The results affirmed some of the hypotheses, and some were rejected.

**Table 06: Pearson Correlation Matrix Presents the correlation with regard to ROA and ROE**

| | | ROA | ROE | S | G | TR | LR | DE | CR |
|---|---|---|---|---|---|---|---|---|---|
| ROA | Pearson Correlation | 1 | 0.772** | -0.168* | 0.098 | 0.070 | 0.307** | -0.363** | 0.187* |
| | Sig. (2-tailed) | | 0.000 | 0.050 | 0.255 | 0.417 | 0.000 | 0.000 | 0.029 |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |
| ROE | Pearson Correlation | 0.772** | 1 | 0.162 | 0.410** | 0.115 | 0.061 | -0.218* | 0.415** |
| | Sig. (2-tailed) | 0.000 | | 0.060 | 0.000 | 0.181 | 0.481 | 0.018 | 0.000 |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |
| S | Pearson Correlation | -0.168* | 0.162 | 1 | 0.497** | 0.054 | -0.167 | 0.052 | 0.527** |
| | Sig. (2-tailed) | 0.050 | 0.060 | | 0.000 | 0.530 | 0.053 | 0.574 | 0.000 |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |
| G | Pearson Correlation | 0.098 | 0.410** | 0.497** | 1 | 0.135 | -0.262** | 0.137 | 0.327** |
| | Sig. (2-tailed) | 0.255 | 0.000 | 0.000 | | 0.117 | 0.002 | 0.140 | 0.000 |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TR | Pearson Correlation | 0.070 | 0.115 | 0.054 | 0.135 | 1 | 0.011 | -0.202* | 0.144 |
| | Sig. (2-tailed) | 0.417 | 0.181 | 0.530 | 0.117 | | 0.901 | 0.029 | 0.094 |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |
| LR | Pearson Correlation | 0.307** | 0.061 | -0.167 | -0.262** | 0.011 | 1 | -0.310** | 0.064 |
| | Sig. (2-tailed) | 0.000 | 0.481 | 0.053 | 0.002 | 0.901 | | 0.001 | 0.460 |
| | N | 135 | 135 | 135 | 135 | 135 | 135 | 117 | 135 |
| DE | Pearson Correlation | -0.363** | -0.218* | 0.052 | 0.137 | -0.202* | -0.310** | 1 | -0.214* |
| | Sig. (2-tailed) | 0.000 | 0.018 | 0.574 | 0.140 | 0.029 | 0.001 | | 0.020 |
| | N | 117 | 117 | 117 | 117 | 117 | 117 | 117 | 117 |
| CR | Pearson Correlation | 0.187* | 0.415** | 0.527** | 0.327** | 0.144 | 0.064 | -0.214* | 1 |
| | Sig. (2-tailed) | 0.029 | 0.000 | 0.000 | 0.000 | 0.094 | 0.460 | 0.020 | |
| | N | 136 | 136 | 136 | 136 | 136 | 135 | 117 | 136 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | |

The ROE model resulted in the following linear equation:

ROE = -33.988 - 0.000017S + 0.199G - 0.001TR + 0.924LR - 4.223DE + 2.716CR + e

The only significant variable at less than 5% is debt to equity.

As for the ROA model, the following linear equation was computed:

ROA=-12.89 - 0.000007S + 0.088G - 0.002TR + 0.947LR - 3.859DE + 1.14CR + e

Whereby Credit Rating and Total Assets are significant at less than 5% significance.

**Table 07: ROE - Coefficients [a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1 | (Constant) | -33.988 | 11.838 | | -2.871 | 0.005 | -57.448 | -10.529 |
| | S | -1.743E-5 | 0.000 | -0.210 | -2.376 | 0.019 | 0.000 | 0.000 |
| | G | 0.199 | 0.040 | 0.404 | 4.993 | 0.000 | 0.120 | 0.278 |
| | TR | -0.001 | 0.005 | -0.022 | -0.267 | 0.790 | -0.011 | 0.008 |
| | LR | 0.924 | 0.847 | 0.093 | 1.091 | 0.278 | -0.755 | 2.603 |
| | DE | -4.223 | 2.314 | -0.159 | -1.825 | 0.071 | -8.808 | 0.363 |
| | CR | 2.716 | 0.666 | 0.369 | 4.078 | 0.000 | 1.396 | 4.036 |
| a. Dependent Variable: ROE | | | | | | | | |

Table 07 highlights the relationships between the independent variables and Return on Equity (ROE). Growth (G) and Current Ratio (CR) have strong positive and significant effects on ROE, with p-values of 0.000, indicating their importance in enhancing ROE. Size (S) shows a significant negative relationship (p = 0.019), while

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Debt to Equity (DE) is negative but not significant (p = 0.071). Liquidity Ratio (LR) and Turnover Ratio (TR) have no significant impact on ROE, with p-values of 0.278 and 0.790, respectively. The constant is significantly negative, indicating the base ROE level when predictors are zero

**Table 08: ROA - Coefficients [a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1 | (Constant) | -12.890 | 5.755 | | -2.240 | 0.027 | -24.295 | -1.486 |
| | S | -6.635E-6 | 0.000 | -0.160 | -1.861 | 0.065 | 0.000 | 0.000 |
| | G | 0.088 | 0.019 | 0.359 | 4.561 | 0.000 | 0.050 | 0.127 |
| | TR | -0.002 | 0.002 | -0.058 | -0.738 | 0.462 | -0.006 | 0.003 |
| | LR | 0.947 | 0.412 | 0.191 | 2.301 | 0.023 | 0.131 | 1.763 |
| | DE | -3.859 | 1.125 | -0.290 | -3.431 | 0.001 | -6.089 | -1.630 |
| | CR | 1.140 | 0.324 | 0.310 | 3.519 | 0.001 | 0.498 | 1.781 |

a. Dependent Variable: ROA

Table 08 explains the effect of predictors on Return on Assets (ROA). Growth (G), Current Ratio (CR), and Liquidity Ratio (LR) positively and significantly impact ROA ($p < 0.05$), showing their contribution to profitability. Debt to Equity (DE) has a significant negative effect (p = 0.001), indicating higher leverage reduces ROA. Size (S) is negatively related but marginally insignificant (p = 0.065), while Turnover Ratio (TR) shows no significant impact (p = 0.462). The constant is significantly negative, showing the base ROA when predictors are zero.

**Debt to Equity (DE)** shows a negative correlation with profitability in both ROE and ROA models. The paper did not reject the null hypothesis of **leverage (DE)** since the relationship is significantly negative. It further strengthens the study of (Aktan, 2019) Which emphasizes the importance of capital structure decisions in maximizing shareholders' wealth and the firm's value.

The results also accept the null hypothesis for liquidity (LR) as there is a positive relationship between liquidity and profitability, which is more significant in the ROA model. Liquidity has a significant positive impact on profitability. It supports the view of (Alarussi, 2003) That positive working capital is critical to improving companies' profitability.

Likewise, the relationship between **sales growth (G)** and profitability revealed a positive correlation, which was more pronounced in the case of ROE. Therefore, the null hypothesis is not rejected as a significant positive correlation exists. The findings of (Per Davidsson, 2009) Also suggests that sales growth drives profitability.

As for the relationship between firm size (S) and profitability, the models were significant yet conflicting in their assessment as it revealed that the correlation was negative with ROA and positive with ROE. Hence, the models were indecisive in their

assessment. This shows that excess liabilities, including loans and payables, influence profitability in the case of total assets, which are not measured in the case of ROE. In a recent study conducted by Sklenarz (2024) Confirmed that the size of the company influences its profitability.

On the other hand, there is a weak correlation of profitability with **average tax (TR)** in both models, which is why the null hypothesis for average tax (TR) is rejected. This finding also supports the findings of (Graham, 2015) Which states that many firms do not pursue tax benefits more aggressively to enhance profitability.

With respect to the key variable of credit ratings, the results agree with the study of (Singal, 2013) About the existence of a relationship between credit ratings and profitability. Particularly, the findings of this study revealed a significant positive impact of credit ratings on profitability. Therefore, the results did not reject the null hypothesis of **credit ratings (CR)** as in both ROE and ROA models, the correlation between profitability and credit ratings came back significantly positive. This is also in line with the study conducted by (Lena A. Seissian, 2018) Where they empirically measured the relationship between several factors and the profitability of selected companies listed on the NYSE and found a strong positive correlation between credit ratings and profitability.

Finally, the null hypothesis regarding the significance of all factors is also accepted, as most of the factors have a significant impact on profitability, except average tax and firm size, which have a significant impact of more than 1%.

**Table 09: Model Summary (ROE)**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.572[a] | 0.327 | 0.290 | 12.88% |
| a. Predictors: (Constant), CR, G, TR, LR, DE, S | | | | |

Table 09 provides a summary of the regression model with Return on Equity (ROE) as the dependent variable and six predictors: CR (Current Ratio), G (Growth), TR (Turnover Ratio), LR (Liquidity Ratio), DE (Debt to Equity), and S (Size). The R value (0.572) indicates a moderate correlation between the predictors and ROE. The R Square value (0.327) shows that 32.7% of the variation in ROE is explained by the independent variables. The Adjusted R Square (0.290) adjusts the explained variance for the number of predictors in the model, slightly lowering the value to 29%. The standard error of the estimate (12.88%) reflects the average distance that the observed ROE values fall from the regression line, indicating the model's accuracy.

**Table 10: Model Summary (ROA)**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.603[a] | 0.363 | 0.329 | 6.26% |
| a. Predictors: (Constant), CR, G, TR, LR, DE, S | | | | |

Table 10 summarizes the regression model with Return on Assets (ROA) as the dependent variable and the same set of predictors: CR, G, TR, LR, DE, and S. The R value (0.603) indicates a stronger correlation between the predictors and ROA

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compared to the ROE model. The R Square value (0.363) reveals that the independent variables explain 36.3% of the variation in ROA. The Adjusted R Square (0.329) adjusts for the number of predictors and provides a slightly reduced explanatory power of 32.9%. The standard error of the estimate (6.26%) is lower than in the ROE model, indicating better prediction accuracy and a closer fit of the observed ROA values to the regression line.

## Conclusion

The main purpose of this study was to empirically analyze the relationship between several factors and the profitability of selected companies listed on the Pakistan Stock Exchange in 2023 using multiple regression analysis.

The research findings indicate that the impact of market factors is more complex, with industry growth showing varying effects across different sectors. As a result of the regression analysis with respect to the ROA model, the independent variables moderately explained (R2=36.3%) of the variations in ROA. Likewise, in the case of the ROE model, the variables also moderately reflected (R2=32.7%) the variations in ROE.

With an R2 of 36.3% and 32.7%, the researchers were able to identify the significant positive impact of Credit Ratings and Sales Growth on Profitability as well as the significant negative impact of leverage. This paper's major contribution is finding that the relationship between Credit Ratings and profitability is positive. Hence, the findings suggest that companies should prioritize growth strategies, manage financial leverage and focus on improving credit ratings to enhance profitability.

These results contribute to the literature by emphasizing the importance of firm-specific characteristics alongside market dynamics in explaining profitability differences. The paper has confirmed the claims of several other researchers while also refuting others. The study is limited by the availability of data and the specific period analyzed. Future research could explore the even longer-term impact of market factors, incorporate additional structural variables, and examine profitability in different economic conditions.

## Recommendations

- **Improve Liquidity Management:** The results show that there is a strong positive correlation between profitability and the current ratio (CR). Companies should develop efficient cash flow plans to increase liquidity, which will increase ROE and ROA.

- **Optimize Debt Management:** A higher debt-to-equity ratio (DE) has a negative effect on profitability, so companies should adopt balanced capital structures to reduce financial risks while keeping enough growth capital.

- **Prioritize Growth Initiatives:** Growth (G) has a significant positive impact on profitability, so companies should pursue initiatives like expanding operations, implementing technology, or breaking into new markets to ensure sustainable growth.

- **Regulatory Support:** Policymakers should promote corporate financial transparency and provide incentives for companies to manage liquidity and reduce excessive leverage.

## Limitations

The limitations include the relatively low number of companies selected and the fact that the sampling was a non-probability one based on the availability of data. Finally, having access to more data regarding credit rates could enhance the quality of the results.

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## Annexure:

| | | DATA FOR THE YEAR 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | EFFECTIVE | | | |
| SR. | SYMBOL | | TOTAL | SALES | RETURN | RETURN | TAXATION | CURRENT | T. DEBT | CREDIT |
| NO. | | NAME OF COMPANY | ASSETS | GROWTH | ON ASSETS | ON EQUITY | RATE | RATIO | TO EQUITY | RATING |
| | | | *(Rs. in million)* | *%* | *%* | *%* | *%* | *X* | *X* | |
| 1 | DAWH | Dawood Hercules Corporation Limited | 32,123.5 | 137.7% | 32.22% | 36.2% | 27.8% | 1.2 | 37.3% | AA |
| 2 | ABL | Allied Bank Limited | 2,329,316.7 | 61.7% | 1.75% | 20.9% | 52.6% | 0.5 | - | AAA |
| 3 | AKBL | Askari Bank Limited | 2,124,006.0 | 79.6% | 1.01% | 22.1% | 49.0% | 0.3 | - | AA+ |
| 4 | BAFL | Bank Alfalah Limited | 3,345,916.8 | 86.7% | 1.09% | 26.4% | 53.4% | 0.4 | - | AA+ |
| 5 | BAHL | Bank AL Habib Limited | 2,741,020.1 | 78.8% | 1.29% | 27.9% | 50.3% | 0.3 | - | AAA |
| 6 | BIPL | BankIslami Pakistan Limited | 654,865.9 | 92.3% | 1.69% | 30.3% | 46.2% | 0.9 | - | AA- |
| 7 | BOK | The Bank of Khyber | 383,186.5 | 47.0% | 0.91% | 17.1% | 48.1% | 0.6 | - | A+ |
| 8 | BOP | The Bank of Punjab | 2,216,180.0 | 133.5% | 0.51% | 14.0% | 46.6% | 0.6 | - | AA+ |
| 9 | FABL | Faysal Bank Limited | 1,370,073.6 | 77.6% | 1.46% | 22.2% | 51.6% | 0.5 | - | AA |
| 10 | HBL | Habib Bank Limited | 5,201,671.2 | 61.9% | 1.09% | 17.0% | 49.1% | 0.9 | - | AAA |
| 11 | HMB | Habib Metropolitan Bank Limited | 1,556,417.1 | 50.9% | 1.57% | 26.1% | 53.1% | 0.3 | - | AA+ |
| 12 | JSBL | JS Bank Limited | 589,432.5 | 34.8% | 0.74% | 10.8% | 49.1% | 1.4 | - | AA- |
| 13 | MCB | MCB Bank Limited | 2,427,178.8 | 60.2% | 2.46% | 25.8% | 52.4% | 1.3 | - | AAA |
| 14 | MEBL | Meezan Bank Limited | 3,012,108.8 | 80.6% | 2.80% | 45.7% | 50.1% | 0.7 | - | AAA |
| 15 | NBP | National Bank of Pakistan | 6,652,707.4 | 97.3% | 0.78% | 13.5% | 48.8% | 0.2 | - | AAA |
| 16 | SBL | Samba Bank Limited | 178,733.9 | 31.3% | 0.69% | 7.5% | 43.7% | 0.6 | - | AA |
| 17 | SCBPL | Standard Chartered Bank (Pakistan) Ltd. | 1,001,947.8 | 52.3% | 4.25% | 44.3% | 52.2% | 0.6 | - | AAA |
| 18 | SNBL | Soneri Bank Limited | 658,561.7 | 53.2% | 0.92% | 21.2% | 50.8% | 0.1 | - | AA- |
| 19 | UBL | United Bank Limited | 5,574,997.5 | 90.9% | 0.95% | 21.1% | 50.8% | 0.2 | - | AAA |
| 20 | AWTX | Allawasaya Textile & Finishing Mills Limited | 3,968.6 | -21.8% | -4.15% | -10.5% | 17.9% | 0.9 | 81.3% | BBB- |

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| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 21 | DINT | Din Textile Mills Limited | 37,992.0 | 3.1% | -2.28% | -8.2% | -39.0% | - | - | A- |
| 22 | ELSM | Ellcot Spinning Mills Limited | 10,600.7 | 12.4% | 3.96% | 10.4% | 26.6% | 2.5 | 117.2% | A- |
| 23 | GADT | Gadoon Textile Mills Limited | 59,239.2 | 5.8% | 5.56% | 15.9% | 31.2% | 1.1 | 126.2% | A+ |
| 24 | IDYM | Indus Dyeing & Manufacturing Company Limited | 45,461.5 | -0.3% | 1.56% | 3.0% | 40.5% | 1.6 | 82.1% | A+ |
| 25 | JKSM | J. K. Spinning Mills Limited | 27,513.6 | 32.2% | 6.62% | 14.6% | 7.2% | 1.3 | 108.5% | A- |
| 26 | KOHTM | Kohat Textile Mills Limited | 7,798.6 | 20.7% | 1.09% | 2.3% | 39.2% | 0.9 | 79.1% | A- |
| 27 | NAGC | Nagina Cotton Mills Limited | 12,588.8 | 14.1% | 4.69% | 12.6% | 26.6% | 1.7 | 155.5% | A- |
| 28 | PRET | Premium Textile Mills Limited | 28,019.2 | 14.3% | 3.72% | 11.4% | 25.2% | 1.3 | 183.6% | A- |
| 29 | RCML | Reliance Cotton Spinning Mills Limited | 13,383.7 | -3.0% | 6.27% | 11.9% | 16.5% | 1.8 | 62.7% | A- |
| 30 | SAIF | Saif Textile Mills Limited | 13,460.8 | -7.7% | -8.42% | -27.4% | 28.1% | 0.6 | 173.7% | A- |
| 31 | SUTM | Sunrays Textile Mills Limited | 12,401.4 | -1.1% | 2.32% | 3.4% | 30.8% | 1.8 | 70.3% | A- |
| 32 | SZTM | Shahzad Textile Mills Limited | 5,145.0 | -10.5% | -5.23% | -8.9% | -43.3% | 1.1 | 34.7% | A- |
| 33 | TATM | Tata Textile Mills Limited | 46,201.8 | -0.6% | 0.56% | 1.2% | 63.2% | 1.2 | 96.5% | A |
| 34 | PRWM | Prosperity Weaving Mills Limited | 6,970.1 | 14.0% | 2.20% | 7.5% | 55.6% | 1.4 | 172.1% | A- |
| 35 | ADMM | Artistic Denim Mills Limited | 22,893.8 | 4.4% | 4.63% | 13.1% | 19.0% | 1.0 | 125.0% | A- |
| 36 | AHTM | Ahmad Hassan Textile Mills Limited | 3,343.1 | -22.0% | 2.78% | 5.2% | 42.0% | 1.4 | 30.7% | BBB+ |
| 37 | BHAT | Bhanero Textile Mills Limited | 26,223.7 | 7.5% | 5.36% | 13.1% | 21.2% | 1.7 | 117.9% | A+ |
| 38 | BTL | Blessed Textiles Limited | 27,270.0 | 9.6% | 2.75% | 7.8% | 25.9% | 1.6 | 142.3% | A |
| 39 | CRTM | The Crescent Textile Mills Limited | 25,494.1 | -2.2% | 2.20% | 4.5% | 28.7% | 0.9 | 77.9% | A- |
| 40 | FASM | Faisal Spinning Mills Limited | 34,697.0 | 17.5% | 4.21% | 10.6% | 16.1% | 1.6 | 85.6% | A |
| 41 | FML | Feroze1888 Mills Limited | 76,912.5 | 16.6% | 11.66% | 24.4% | 8.2% | 1.4 | 71.0% | AA- |
| 42 | FZCM | Fazal Cloth Mills Limited | 107,773.9 | 18.8% | 0.54% | 1.3% | 63.2% | 1.3 | 102.2% | A |
| 43 | GATM | Gul Ahmed Textile Mills Limited | 123,465.9 | 11.7% | 3.23% | 9.9% | 33.0% | 1.1 | 134.8% | AA- |
| 44 | ILP | Interloop Limited | 125,244.7 | 31.1% | 16.11% | 46.0% | 6.5% | 1.2 | 129.6% | A+ |
| 45 | KML | Kohinoor Mills Limited | 22,648.9 | 31.5% | 8.84% | 25.4% | 18.3% | 1.1 | 107.4% | BBB+ |
| 46 | KTML | Kohinoor Textile Mills Limited | 47,886.2 | 6.3% | 5.03% | 9.1% | 30.5% | 1.2 | 68.1% | A+ |
| 47 | MEHT | Mahmood Textile Mills Limited | 51,370.9 | 33.3% | 2.34% | 8.7% | 37.6% | 1.0 | 214.1% | A- |
| 48 | MSOT | Masood Textile Mills Limited | 55,241.2 | 11.0% | 4.80% | 15.4% | 24.0% | 1.2 | 134.2% | A |
| 49 | NCL | Nishat (Chunian) Limited | 69,845.8 | 9.1% | -1.43% | -4.8% | -1049.3% | 1.2 | 235.2% | A- |
| 50 | NML | Nishat Mills Limited | 170,285.7 | 22.4% | 7.14% | 13.6% | 21.0% | 1.6 | 44.4% | AA |
| 51 | TOWL | Towellers Limited | 9,981.9 | 8.3% | 23.93% | 31.6% | 7.4% | 3.3 | 0.5% | A |
| 52 | GATI | Gatron (Industries) Limited | 37,576.8 | 14.3% | 0.55% | 2.6% | 62.8% | 0.9 | 213.5% | A- |
| 53 | IBFL | Ibrahim Fibres Limited | 88,997.6 | 3.6% | 0.34% | 0.6% | 92.1% | 2.3 | 27.2% | AA |
| 54 | AABS | Al-Abbas Sugar Mills Limited | 12,445.6 | 40.6% | 29.61% | 53.2% | 8.0% | 2.0 | 39.9% | A+ |
| 55 | ADAMS | Adam Sugar Mills Limited | 8,811.3 | 0.1% | 1.15% | 1.8% | 35.2% | 1.1 | 19.6% | A- |
| 56 | CHAS | Chashma Sugar Mills Limited | 31,577.8 | 54.3% | 5.38% | 11.7% | -7.6% | 1.1 | 103.6% | A- |
| 57 | FRSM | Faran Sugar Mills Limited | 7,813.8 | 39.9% | 15.61% | 40.7% | 18.4% | 0.8 | 70.8% | A- |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 58 | JDWS | JDW Sugar Mills Limited | 51,900.6 | 22.8% | 4.17% | 13.5% | 29.3% | 0.8 | 103.2% | AA- |
| 59 | JSML | Jauharabad Sugar Mills Limited | 12,236.9 | 33.7% | 1.73% | 2.4% | 20.3% | 1.0 | 14.4% | BBB+ |
| 60 | MIRKS | Mirpurkhas Sugar Mills Limited | 13,823.9 | 61.0% | 6.07% | 20.5% | 20.4% | 0.7 | 181.8% | A- |
| 61 | MRNS | Mehran Sugar Mills Limited | 6,603.5 | 59.2% | 21.85% | 37.2% | 36.7% | 1.6 | 15.4% | A- |
| 62 | NONS | Noon Sugar Mills Limited | 6,174.6 | -22.4% | 6.79% | 20.1% | 20.4% | 1.0 | 89.8% | BBB+ |
| 63 | SHSML | Shahmurad Sugar Mills Limited | 22,598.0 | 28.5% | 16.94% | 27.7% | 13.2% | 1.6 | 37.1% | A |
| 64 | TCORP | Tariq Corporation Limited (Husein Sugar Mills Limited) | 6,930.7 | 24.6% | 4.92% | 9.3% | 41.1% | 0.6 | 28.8% | BBB |
| 65 | TICL | The Thal Industries Corporation Limited | 16,021.4 | 55.6% | 12.27% | 21.5% | 33.4% | 1.7 | 22.8% | A |
| 66 | BWCL | Bestway Cement Limited | 175,139.7 | 21.2% | 6.79% | 19.2% | 47.4% | 0.7 | 99.1% | AA- |
| 67 | CHCC | Cherat Cement Company Limited | 39,302.3 | 16.5% | 11.21% | 21.1% | 39.4% | 1.7 | 25.8% | A+ |
| 68 | DGKC | D. G. Khan Cement Company Limited | 134,713.3 | 12.0% | -2.70% | -5.7% | 215.0% | 1.2 | 52.4% | AA- |
| 69 | FCCL | Fauji Cement Company Limited | 138,828.5 | 25.5% | 5.36% | 11.4% | 42.3% | 0.8 | 2.6% | AA- |
| 70 | FECTC | Fecto Cement Limited | 7,326.5 | 28.2% | -1.82% | -3.7% | 22.9% | 1.6 | 44.5% | A- |
| 71 | FLYNG | Flying Cement Company Limited | 22,970.3 | -20.5% | 1.18% | 2.2% | 26.6% | 0.4 | 41.1% | A- |
| 72 | GWLC | Gharibwal Cement Limited | 35,035.1 | 13.1% | 3.52% | 5.5% | 54.6% | 1.9 | 2.2% | A |
| 73 | LUCK | Lucky Cement Limited | 213,079.1 | 18.2% | 6.44% | 10.0% | 35.7% | 1.4 | 24.0% | AA+ |
| 74 | PIOC | Pioneer Cement Limited | 87,155.4 | 13.4% | 3.00% | 6.4% | 54.4% | 0.5 | 39.1% | A |
| 75 | POWER | Power Cement Limited | 48,530.6 | 65.4% | 0.35% | 1.0% | 308.9% | 0.7 | 144.7% | A- |
| 76 | TPLP | TPL Properties Limited | 18,124.6 | -10.7% | 23.56% | 31.1% | 0.5% | 0.6 | 18.9% | A+ |
| 77 | ATRL | Attock Refinery Limited | 176,760.5 | 40.9% | 16.53% | 26.6% | 38.8% | 1.5 | 0.3% | AA |
| 78 | NRL | National Refinery Limited | 111,779.9 | 18.6% | -3.99% | -12.9% | 12.9% | 1.0 | 136.3% | AA+ |
| 79 | PRL | Pakistan Refinery Limited | 105,471.9 | 36.9% | 1.73% | 7.2% | 45.9% | 1.1 | 90.6% | A- |
| 80 | HUBC | The Hub Power Company Limited | 151,822.5 | -28.8% | 20.38% | 50.3% | 3.7% | 1.3 | 85.8% | AA+ |
| 81 | KAPCO | Kot Addu Power Company Limited | 101,848.2 | -81.4% | 3.89% | 6.0% | 41.9% | 3.3 | 47.7% | A+ |
| 82 | KEL | K-Electric Limited | 1,024,662.4 | 0.1% | -3.02% | -12.1% | 27.1% | 0.5 | 121.4% | AA |
| 83 | LPL | Lalpir Power Limited | 22,039.9 | -48.2% | 20.77% | 28.9% | 0.0% | 2.9 | 33.2% | AA |
| 84 | NCPL | Nishat Chunian Power Limited | 27,787.2 | -28.3% | 14.24% | 16.3% | 0.0% | 3.8 | 15.2% | A+ |
| 85 | NPL | Nishat Power Limited | 31,381.6 | -2.6% | 13.04% | 13.7% | 0.2% | 14.1 | 1.8% | AA- |
| 86 | PKGP | Pakgen Power Limited | 29,473.2 | -54.5% | 19.89% | 23.7% | 3.0% | 5.4 | 15.2% | AA |
| 87 | PSO | Pakistan State Oil Company Limited | 983,396.1 | 38.3% | 0.58% | 2.6% | 76.8% | 1.2 | 180.1% | AA+ |
| 88 | OGDC | Oil & Gas Development Company Limited | 1,424,065.3 | 23.3% | 15.77% | 20.7% | 41.5% | 7.0 | 24.1% | AAA |
| 89 | AGHA | Agha Steel Industries Limited | 41,980.0 | -19.8% | 2.16% | 5.5% | 22.5% | 1.2 | 133.5% | BB- |
| 90 | ASL | Aisha Steel Mills Limited | 38,046.2 | -52.0% | -8.45% | -20.5% | 33.6% | 0.8 | 91.4% | BBB+ |
| 91 | ASTL | Amreli Steels Limited | 40,171.7 | -21.8% | -1.69% | -4.7% | -2521.9% | 0.9 | 134.6% | BBB |

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|---|---|---|---|---|---|---|---|---|---|---|
| 92 | CSAP | Crescent Steel & Allied Products Limited | 9,948.3 | -36.3% | 1.78% | 2.9% | 24.5% | 1.7 | 29.8% | A- |
| 93 | INIL | International Industries Limited | 33,956.3 | -29.2% | 6.69% | 14.9% | 21.2% | 1.4 | 32.8% | AA- |
| 94 | ISL | International Steels Limited | 42,391.6 | -16.0% | 8.30% | 16.2% | 32.2% | 1.2 | 16.4% | A+ |
| 95 | KSBP | KSB Pumps Company Limited | 6,247.7 | 15.9% | 0.01% | 0.0% | 93.1% | 1.2 | 83.2% | A+ |
| 96 | MUGHAL | Mughal Iron & Steel Industries Limited | 59,832.0 | 1.9% | 5.82% | 13.7% | 19.9% | 1.5 | 106.1% | A+ |
| 97 | AGTL | Al-Ghazi Tractors Limited | 14,229.6 | 22.5% | 18.35% | 45.2% | 44.3% | 1.5 | 20.5% | A+ |
| 98 | GHNI | Ghandhara Industries Limited | 16,495.2 | -40.1% | 1.09% | 2.2% | 57.7% | 1.3 | 31.0% | A+ |
| 99 | INDU | Indus Motor Company Limited | 122,764.3 | -35.5% | 7.87% | 16.1% | 42.5% | 1.6 | 0.9% | AA+ |
| 100 | SAZEW | Sazgar Engineering Works Limited | 7,685.1 | 80.9% | 12.95% | 34.1% | 32.8% | 1.1 | 11.0% | AA- |
| 101 | AGIL | Agriautos Industries Limited | 6,366.4 | -40.4% | -0.70% | -1.0% | -35.8% | 1.9 | 16.5% | A- |
| 102 | GTYR | Ghandhara Tyre & Rubber Company Limited (General Tyre) | 18,274.5 | -19.2% | -0.92% | -2.9% | 13.6% | 0.9 | 13.0% | A+ |
| 103 | THALL | Thal Limited | 41,604.6 | -14.5% | 6.61% | 9.3% | 31.4% | 2.9 | 15.9% | AA |
| 104 | PCAL | Pakistan Cables Limited | 23,394.6 | 2.3% | 3.09% | 7.6% | 36.0% | 1.0 | 124.5% | A+ |
| 105 | PIBTL | Pakistan International Bulk Terminal Limited | 32,674.5 | -13.7% | -6.60% | -13.3% | 31.1% | 1.3 | 82.7% | A |
| 106 | PNSC | Pakistan National Shipping Corporation | 91,077.4 | 15.3% | 5.31% | 30.8% | 20.9% | 6.0 | 4.6% | AA |
| 107 | AIRLINK | Air Link Communication Limited | 19,887.1 | -53.4% | 4.50% | 7.3% | -25.6% | 2.4 | 20.9% | A+ |
| 108 | EFERT | Engro Fertilizers Limited | 147,726.7 | 66.8% | 17.38% | 57.0% | 42.9% | 0.7 | 14.7% | AA |
| 109 | ENGRO | Engro Corporation Limited | 88,815.8 | -23.3% | 19.78% | 24.6% | 26.7% | 1.1 | 42.1% | AA+ |
| 110 | FATIMA | Fatima Fertilizer Company Limited | 230,766.8 | 46.6% | 9.71% | 18.9% | 53.1% | 1.6 | 6.5% | AA+ |
| 111 | FFBL | Fauji Fertilizer Bin Qasim Limited | 145,871.8 | 21.3% | 3.02% | 16.3% | 68.8% | 1.1 | 57.0% | AA+ |
| 112 | FFC | Fauji Fertilizer Company Limited | 223,280.7 | 45.8% | 13.29% | 48.0% | 44.6% | 1.1 | 15.9% | AA+ |
| 113 | HINOON | Highnoon Laboratories Limited | 14,025.8 | 22.8% | 17.13% | 25.0% | 27.2% | 4.7 | 12.9% | A+ |
| 114 | MACTER | Macter International Limited | 4,923.4 | 25.8% | 7.98% | 13.7% | 29.4% | 1.9 | 15.0% | A |
| 115 | SEARL | The Searle Company Limited | 50,800.3 | 22.0% | 0.59% | 1.1% | 26.3% | 1.2 | 45.3% | AA- |
| 116 | ARPL | Archroma Pakistan Limited | 20,446.4 | 19.3% | 6.09% | 28.7% | 44.5% | 1.2 | 104.1% | AA |
| 117 | BERG | Berger Paints Pakistan Limited | 6,612.8 | 3.8% | 3.63% | 7.5% | 27.5% | 1.5 | 23.9% | A- |
| 118 | GCIL | Ghani Chemical Industries Limited | 13,127.6 | 2.8% | 3.87% | 5.8% | 45.5% | 2.2 | 32.9% | A |
| 119 | GGL | Ghani Global Holdings Limited (Ghani Gases Limited) | 3,802.7 | 52.7% | 0.43% | 0.4% | 26.1% | 2.0 | 33.1% | BBB+ |
| 120 | ICL | Ittehad Chemicals Limited | 14,691.0 | 54.8% | 12.43% | 27.2% | 31.9% | 1.1 | 43.5% | A- |
| 121 | NICL | Nimir Industrial Chemicals Limited | 31,421.7 | 29.7% | 5.85% | 23.4% | 34.1% | 1.1 | 135.9% | A+ |
| 122 | NRSL | Nimir Resins Limited | 5,725.0 | 13.3% | 6.74% | 12.3% | 33.0% | 1.7 | 51.2% | A- |
| 123 | PAKOXY | Pakistan Oxygen Limited (Linde Pakistan Limited) | 18,651.6 | 17.7% | 0.78% | 1.7% | 29.6% | 1.0 | 85.3% | A |
| 124 | SITC | Sitara Chemical Industries Limited | 34,939.8 | 27.1% | 2.84% | 6.0% | 32.7% | 0.9 | 68.9% | A+ |
| 125 | CEPB | Century Paper & Board Mills Limited | 29,896.2 | 22.2% | 3.03% | 6.9% | 36.3% | 1.7 | 71.5% | AA- |
| 126 | ISIL | Ismail Industries Limited | 73,055.6 | 60.9% | 8.74% | 36.0% | 15.3% | 1.2 | 229.7% | A+ |
| 127 | MFL | Matco Foods Limited | 21,046.9 | 61.5% | 2.64% | 7.4% | 27.3% | 1.1 | 175.5% | BBB+ |
| 128 | NATF | National Foods Limited | 25,156.4 | 10.3% | 8.70% | 29.1% | 19.0% | 1.0 | 136.1% | AA- |

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|---|---|---|---|---|---|---|---|---|---|---|
| 129 | TOMCL | The Organic Meat Company Limited | 5,815.4 | 36.7% | 12.42% | 15.9% | 8.5% | 2.8 | 22.0% | A- |
| 130 | TREET | Treet Corporation Limited | 27,244.5 | 37.0% | 0.49% | 0.9% | 56.7% | 0.8 | 117.4% | A- |
| 131 | UNITY | Unity Foods Limited | 71,531.6 | 9.7% | 0.79% | 2.6% | -247.4% | 1.0 | 138.6% | A |
| 132 | TGL | Tariq Glass Industries Limited | 22,799.7 | -3.4% | 11.05% | 16.4% | 38.8% | 1.8 | 23.4% | A+ |
| 133 | MACFL | MacPac Films Limited | 4,618.0 | 31.9% | 8.21% | 20.0% | 45.9% | 1.2 | 25.9% | BBB+ |
| 134 | PABC | Pakistan Aluminium Beverage Cans Limited | 21,457.5 | 39.4% | 23.39% | 47.2% | 5.4% | 1.6 | 64.2% | A+ |
| 135 | PSEL | Pakistan Services Limited | 64,741.6 | 10.6% | -0.34% | -0.5% | 422.1% | 1.2 | 4.7% | BB |
| 136 | STPL | Siddiqsons Tin Plate Limited | 6,106.4 | -7.0% | 0.05% | 0.1% | 93.9% | 0.8 | 54.2% | A- |