

ABSTRACT

This research determines the influence of financial leverage on investment decision of oil and gas sector. Investment is the dependent variable, leverage1 and leverage2 are independent variables used to find the influence of leverage on firm's investment. Leverage 1 explains the impact of both long term and short term debt on firm's investment on the other hand Leverage 2 shows only the influence of long term debt on investment. A panel data of 13 PSE listed companies was constructed whose data was available for the time period 2005-2015. Secondary data was taken from the financial statements (Balance sheet and Profit/Loss account/ Cash flows statements) of selected firm's of oil and gas sector. The findings show that leverage 2, cash flow and Tobin's Q have a significant impact on oil and gas sector of firms' investment. Whereas the impact of leverage 1 and sales have insignificant impact on investment of oil and gas sector. The finding suggest that excessive level of leverage can severe effect on investment opportunities of Oil and Gas sector of Pakistan.

Keywords: Investment, Leverage, Oil and Gas