Review Form 1.7

Journal Name:	**Asian Journal of Probability and Statistics**
Manuscript Number:	**Ms_AJPAS_110481**
Title of the Manuscript:	**EFFECT OF FIRM SIZE AND PROFITABILITY ON LONG TERM DEBT OF FIRMS LISTED AT THE NAIROBI SECURITIES EXCHANGE, KENYA.**
Type of the Article	

Review Form 1.7

PART 1: **Review Comments**

<table>
<tr><td></td><td>Reviewer's comment</td><td>Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</td></tr>
<tr><td><u>Compulsory</u> REVISION comments

1. Is the manuscript important for scientific community?
(Please write few sentences on this manuscript)

YES (It is definite and has a subject matter and case study which makes it relevant in context for consumers, Scientific, Academic and Financial communities)

2. Is the title of the article suitable?
(If not please suggest an alternative title)

3. Is the abstract of the article comprehensive?

YES

4. Are subsections and structure of the manuscript appropriate?

YES

5. Do you think the manuscript is scientifically correct?

YES

6. Are the references sufficient and recent? If you have suggestion of additional references, please mention in the review form.

Not Entirely Exhaustive

<u>(Apart from above mentioned 6 points, reviewers are free to provide additional suggestions/comments)</u></td><td>Assertive to (Hashini & Madumali, 2018) which states that companies can maximize their capital structure or finances by reaching a high stock market valuation it is expedient that the structural changes within an organization are based on either equatorial financial approach to define the strength and capitalization of shareholding structure. The introduction of Mezzanine as a balanced structuring of fund is not adequately cites within the Manuscript hence I present this (Mezzanine) as a subjection

Mezzanine financing is a combination of equity and debt in structured manner for swap if loans are not serviced.

It typically minimizes capital risks and liquidation or fluidity in case where there's need for conversion. It however has higher interests which may not or never be suitable for firms with low capitalization.

However, when a need for responsible exit is perceived, in case of mergers and acquisitions or management or leverage buyout (recapitalization); Mezzanine is much more appropriate.

This must however subject to the assertion of the profitability of all stakeholders or shareholders.

One of the determinant of profitability in a PE structure in capital market is the Multiple of Invested Capital(MOIC) always certifiable as the ration of exit value to initial investment

Illustration
MOIC Coefficient = Exit Value ÷ PE. Investible
e.g If 10 Million is the P.E value
And 300 Million is the company valuation at sale

MOIC = 300 ÷ 10 = 30x</td><td></td></tr>
<tr><td><u>Minor</u> REVISION comments

1. Is language/English quality of the article suitable for scholarly communications?
YES and Can be published in different languages</td><td></td><td></td></tr>
<tr><td><u>Optional/General</u> comments</td><td>Since Capitalization or Capital Structure and profitability is used in evaluating company valuation, size does not ascertain profitability hence it is possible for smaller firms (by size) to be more profitable than larger firms by size.
Hence investors in a particular company should work together towards growing the values of such firms and this is a total fiscal approach.

This can be done by acquiring assets based on the time value. For instance, investments in Real Estates guarantees equity for any financial circumstance in terms of reaching out for loans.

However, if these assets were acquired through debt it could portend a negative result in future valuation. Hence; a proper structuring of debt to equity ratio is essential to protect the future of</td><td></td></tr>
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	businesses however small. This also is in line with the Trade-off Theory in context. Conversely to ascertain positivity, and yield for tax benefits, companies seeking long term debt should consider examining the need for a tax rebate or negotiations in that effect to avoid paying tax deficits with loan or debts. To back the Altman's Z core index is to substantiate the **Fixed Effect Panel regression coefficient** of the Partial Least Square. This, a fixed profitability ration is designed for productivity and value. This is why companies listing on exchanges should consider seeking early stage equity investments rather than debt; until their assets are grown to a meaningful value in mitigation for the risk of bankruptcy. Although larger firms can grow in valuation and profitability, assets reduce their valuation due to the effect of non-linearity coefficient of the size profitability association. However, management is not interested in monetary returns, valuation gain low profitability and this may yield a negative value in the threshold size but a firm with steady profitability would be values positively by investors due to their ability to generate stable marginal or gross profit. The use of proceed or utilization of debt instrument would have a long-term challenge on the size, valuation and strength of any firm. Therefore, it is imperative for be conservative in investment psychology of the Management of an Institution to help build a cash flow that is credit worthy. Prioritizing internal financing over external financing is necessary for the stability and long-term growth of terms. **Pecking Order Teheory**	

PART 2:

	Reviewer's comment	**Author's comment** *(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)*
Are there ethical issues in this manuscript?	*(If yes, Kindly please write down the ethical issues here in details)*	

Reviewer Details:

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