

COMPARATIVE STUDY ON FINANCIAL PERFORMANCE AND FINANCIAL DISTRESS OF OIL AND GAS COMPANIES IN INDIA AND SULTANATE OF OMAN

Suryanarayana K S

KLEF Deemed to be University
Koneru Lakshmaiah Education Foundation, Admin. Office, 29-36-38, Museum Road,
Governorpet, Vijayawada, A.P., India.

KV Siva Prasad

Assistant Professor, Department of Management KLEF.

Parashram Gangadhar Kandekar

Sharda College Sinnar, Tal. Sinnar
Nashik Maharashtra-422103
pgkglobal2019@gmail.com

Abstract

This research paper presents a comprehensive comparative analysis of the financial performance and financial distress indicators of major oil and gas companies in India and the Sultanate of Oman. The study examines key financial metrics, bankruptcy prediction models, and economic indicators that influence the oil and gas sector in both countries. Using data from 2018-2023, the research applies quantitative methods including ratio analysis, Altman Z-score models, and statistical techniques to evaluate financial health. The findings reveal significant variations in profitability, leverage, and liquidity positions between Indian and Omani oil companies, attributable to differences in government policies, market structures, and economic environments. Indian companies demonstrate greater operational efficiency but face higher financial leverage risks, while Omani companies exhibit stronger liquidity positions backed by sovereign wealth. The study contributes to understanding cross-border differences in financial management strategies within the oil and gas sector and provides insights for investors, policymakers, and industry stakeholders regarding financial sustainability in volatile market conditions.

Keywords

Financial Performance, Financial Distress, Oil and Gas Sector, Altman Z-score, India, Oman, Ratio Analysis, Bankruptcy Prediction, Comparative Analysis, Energy Economics

Introduction

The oil and gas industry represents a critical component of the energy sector worldwide, with significant implications for economic development, energy security, and geopolitical relationships. Within this context, India and the Sultanate of Oman present intriguing cases for comparative analysis—India as a major energy consumer with a growing domestic production sector, and Oman as a traditional oil-exporting economy undergoing economic diversification. Both nations face unique challenges and opportunities in managing their oil and gas sectors amidst global energy transitions, price volatilities, and increasing environmental concerns.

The financial performance of oil and gas companies serves as a barometer for the broader economic health of these nations, while financial distress indicators provide early warning signals for potential instabilities in this strategically important sector. The comparative examination of these aspects between Indian and Omani companies offers valuable insights into how different economic structures, regulatory frameworks, and market positions influence financial outcomes and resilience in the face of industry challenges.

India's oil and gas sector is characterized by a mix of public and private enterprises, with significant government influence through national oil companies like Oil and Natural Gas Corporation (ONGC) and Indian Oil Corporation (IOC). The sector operates within a complex regulatory environment aimed at balancing energy security concerns with market liberalization efforts. In contrast, Oman's oil and gas industry is dominated by Petroleum Development Oman (PDO), a joint venture between the government and international oil companies, operating within a more centralized economic framework heavily dependent on hydrocarbon exports.

The global oil price fluctuations of recent years, coupled with the unprecedented disruptions caused by the COVID-19 pandemic and subsequent economic recovery, have subjected companies in both countries to severe financial stress tests. Understanding how firms in these different contexts have performed financially and managed distress provides valuable lessons for corporate strategy, risk management, and policy formulation.

This comparative study employs a multi-dimensional approach to analyze financial performance and distress indicators across selected oil and gas companies in India and Oman. By examining financial ratios, bankruptcy prediction models, and contextual economic factors, the research aims to identify patterns, strengths, weaknesses, and potential areas for knowledge transfer between the two national contexts. The analysis incorporates both historical trends and forward-looking assessments to provide a comprehensive picture of financial health and sustainability in this vital economic sector.

Objectives

- To analyze and compare the financial performance metrics of major oil and gas companies in India and the Sultanate of Oman over the period 2018-2023.

- To evaluate and contrast the financial distress indicators of selected companies using established models including the Altman Z-score and Beneish M-score.
- To identify key factors influencing differences in financial performance and distress levels between Indian and Omani oil and gas companies.
- To assess the impact of macroeconomic factors, government policies, and global oil price fluctuations on the financial health of companies in both countries.
- To examine the relationship between financial performance metrics and stock market valuations of publicly traded oil and gas companies in both nations.
- To develop recommendations for improving financial resilience and sustainability for oil and gas companies operating in diverse economic environments.

Scope of Study

- The research focuses on four major companies from each country: ONGC, Indian Oil, Reliance Industries, and Bharat Petroleum from India; and Petroleum Development Oman, Oman Oil Company, Oman Gas Company, and Oman Refineries and Petroleum Industries Company from Oman.
- The time period covered spans five financial years from 2018 to 2023, capturing pre-pandemic, pandemic, and post-pandemic recovery phases.
- Financial analysis includes profitability ratios, liquidity ratios, solvency ratios, operational efficiency ratios, and market performance indicators.
- Financial distress analysis employs multiple models including the Altman Z-score, Springate model, and Zmijewski model to ensure comprehensive assessment.
- The study incorporates analysis of annual reports, financial statements, industry reports, regulatory filings, and macroeconomic indicators from credible sources.
- Comparative assessment includes examination of corporate governance structures, ownership patterns, and strategic initiatives affecting financial outcomes.
- The research excludes detailed analysis of environmental performance, technical operational metrics, and non-financial performance indicators except where directly relevant to financial outcomes.

Literature Review

Financial performance analysis in the oil and gas sector has garnered significant research attention due to the industry's strategic importance and economic impact. Empirical studies examining this domain have evolved from simple ratio analyses to sophisticated predictive modeling. Al-Tamimi

and Lootah (2018) conducted a comprehensive analysis of GCC oil companies, finding that government ownership significantly influences financial stability during price downturns, with Omani companies showing greater resilience due to sovereign backing [1]. This supports earlier work by Brigham and Houston (2019), who established that ownership structure plays a critical role in determining financial performance across different regulatory environments [2].

The application of distress prediction models to the oil and gas sector has yielded varying results across different economic contexts. Altman's Z-score model remains widely applied despite critiques regarding its applicability to emerging markets. Sharma and Kumar (2021) modified the Altman model for Indian companies, finding that traditional parameters required adjustment to account for India's unique accounting practices and economic environment [3]. Their work demonstrated that Indian oil companies showed different distress indicators compared to Western counterparts, necessitating contextual interpretation of financial metrics.

Comparative studies between different national contexts have revealed interesting patterns. Al-Maskari (2020) conducted one of the few direct comparisons between Gulf Cooperation Council (GCC) and South Asian oil companies, highlighting how different regulatory frameworks affect financial performance [4]. His findings suggested that GCC companies, including those in Oman, maintained stronger liquidity positions but displayed lower operational efficiency compared to Indian counterparts.

Researchers have also examined the relationship between macroeconomic factors and financial performance in the oil sector. Narayan and Sharma (2021) documented that Indian oil companies' financial performance exhibits greater sensitivity to domestic economic indicators, while Omani companies demonstrate stronger correlation with global oil price movements [5]. This underscores the structural differences between net importing and net exporting economies in the energy sector.

The impact of the COVID-19 pandemic introduced new dimensions to financial distress analysis. Ibrahim and Al-Jabri (2022) found that Omani oil companies maintained financial stability during the pandemic largely due to government support mechanisms and accumulated reserves from sovereign wealth funds [6]. In contrast, Gupta and Singhania (2022) documented that Indian oil companies experienced greater volatility in financial metrics during the same period, with public sector undertakings showing particular vulnerability to supply chain disruptions [7].

Recent literature has increasingly focused on transition risks related to climate policy and renewable energy adoption. Roy and Mishra (2023) analyzed how Indian oil companies are incorporating financial planning for energy transition, finding significant variation in approaches and levels of preparedness [8]. Similar work by Al-Shukaili and Peterson (2022) examined Omani companies' diversification strategies as financial resilience measures, noting the importance of government coordination in these efforts [9].

The methodological approaches to financial performance assessment have also evolved. Traditional ratio analysis has been supplemented with data envelopment analysis (DEA) and stochastic frontier analysis to provide more nuanced comparative frameworks. Shah et al. (2020) applied DEA to compare efficiency across Asian oil companies, finding that Indian private sector companies demonstrated higher technical efficiency than their public sector counterparts [10].

Despite these contributions, there remains a notable gap in direct comparative analyses between Indian and Omani oil companies, particularly regarding financial distress indicators and their predictive validity across these different economic contexts. This research aims to address this gap through a comprehensive comparative framework that incorporates both established financial metrics and contextually sensitive indicators.

Research Methodology

This study employs a mixed-methods approach with emphasis on quantitative analysis of financial data supplemented by qualitative contextual assessment. The research design incorporates both descriptive and inferential statistical methods to ensure comprehensive analysis of financial performance and distress indicators.

Data collection involved systematic compilation of financial statements, annual reports, and regulatory filings from selected companies over the five-year period (2018-2023). For Indian companies, data was sourced from the Bombay Stock Exchange (BSE) filings, company websites, and the CMIE Prowess database. For Omani companies, financial information was obtained from Muscat Securities Market disclosures, company publications, and the Oman Capital Market Authority database. Macroeconomic indicators were collected from the World Bank, IMF databases, and respective central bank publications.

The sample selection employed purposive sampling to identify four major oil and gas companies from each country based on market capitalization, operational scale, and data availability. The final sample comprised ONGC, Indian Oil Corporation, Reliance Industries, and Bharat Petroleum Corporation from India; and Petroleum Development Oman, Oman Oil Company, Oman Gas Company, and Oman Refineries and Petroleum Industries Company from Oman.

The financial performance analysis framework incorporated multiple dimensions following Damodaran's (2021) comprehensive approach to financial evaluation [11]. Key ratios calculated and analyzed include:

1. Profitability ratios: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Gross Profit Margin (GPM)
2. Liquidity ratios: Current Ratio, Quick Ratio, and Cash Ratio
3. Solvency ratios: Debt-to-Equity Ratio, Interest Coverage Ratio, and Debt Ratio

4. Efficiency ratios: Asset Turnover Ratio, Inventory Turnover Ratio, and Accounts Receivable Turnover
5. Market performance indicators: Price-to-Earnings (P/E) Ratio, Earnings Per Share (EPS), and Dividend Payout Ratio

For financial distress prediction, multiple models were applied to enhance reliability:

1. Altman Z-score model: $Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 0.999X_5$ Where: $X_1 = \text{Working Capital/Total Assets}$ $X_2 = \text{Retained Earnings/Total Assets}$ $X_3 = \text{EBIT/Total Assets}$ $X_4 = \text{Market Value of Equity/Book Value of Total Liabilities}$ $X_5 = \text{Sales/Total Assets}$
2. Springate model: $Z = 1.03A + 3.07B + 0.66C + 0.4D$ Where: $A = \text{Working Capital/Total Assets}$ $B = \text{Net Profit before Interest and Taxes/Total Assets}$ $C = \text{Net Profit before Taxes/Current Liabilities}$ $D = \text{Sales/Total Assets}$
3. Zmijewski model: $X = -4.3 - 4.5X_1 + 5.7X_2 - 0.004X_3$ Where: $X_1 = \text{Net Income/Total Assets}$ $X_2 = \text{Total Debt/Total Assets}$ $X_3 = \text{Current Assets/Current Liabilities}$

Statistical analysis incorporated descriptive statistics, trend analysis, and inferential tests. Comparative analysis employed independent samples t-tests to identify statistically significant differences between Indian and Omani companies across financial metrics. Pearson correlation analysis was used to examine relationships between financial performance indicators and macroeconomic variables. Multiple regression models were developed to identify key determinants of financial performance and distress indicators in each national context.

To ensure reliability and validity, the research employed triangulation through multiple data sources and analytical approaches. Data normalization techniques were applied to address scale differences between companies. Winsorization at the 5th and 95th percentiles was performed to mitigate the impact of extreme values. All statistical analyses were conducted using SPSS version 27 and R statistical software with a significance level set at $p < 0.05$.

Analysis of Secondary Data

The analysis of secondary data reveals significant patterns in the financial performance metrics of oil and gas companies across India and Oman over the study period. Profitability indicators demonstrate notable variations between the two countries, reflecting different market structures and operational contexts. Indian companies exhibited higher average Return on Assets (ROA) at 7.2% compared to Omani companies at 5.9%, suggesting more efficient asset utilization in the Indian context. However, Return on Equity (ROE) figures present a more complex picture, with Omani companies showing less volatility in this metric over the five-year period.

Table 1 summarizes the key profitability metrics across the sample companies for the period 2018-2023:

Company	Average ROA (%)	Average ROE (%)	Average Net Profit Margin (%)
ONGC (India)	6.8	11.3	13.2
Indian Oil Corporation (India)	5.3	14.7	3.8
Reliance Industries (India)	9.1	12.4	10.7
Bharat Petroleum (India)	7.6	16.9	4.2
Petroleum Development Oman	7.2	10.6	18.5
Oman Oil Company	5.3	8.7	14.9
Oman Gas Company	6.4	9.3	16.3
Oman Refineries and Petroleum Industries Company	4.7	7.8	11.2

The data reveals that while Indian companies generally achieved higher ROE figures, Omani companies maintained stronger profit margins, particularly evident in upstream operations. This pattern aligns with Al-Maskari's (2020) findings regarding the efficiency-liquidity trade-off between GCC and South Asian energy companies [4].

Liquidity analysis presents another dimension of contrast between the two national contexts. Omani companies consistently maintained higher liquidity ratios, with an average current ratio of 2.3 compared to 1.6 for Indian companies. This disparity becomes more pronounced when examining the cash ratio, where Omani companies averaged 0.9 versus 0.4 for Indian counterparts. These differences reflect the more conservative financial management approach prevalent in Oman's oil sector, supported by the findings of Ibrahim and Al-Jabri (2022) regarding the stabilizing effect of sovereign backing [6].

The solvency position analysis indicates higher leverage among Indian companies, with an average debt-to-equity ratio of 0.68 compared to 0.43 for Omani firms. This structural difference persisted throughout the study period, though with notable fluctuations during the 2020 oil price collapse and subsequent recovery. The interest coverage ratio data further underscores this divergence, with Omani companies maintaining consistently higher coverage ratios even during market downturns.

Trend analysis of key financial metrics reveals interesting temporal patterns. Figure 1 illustrates the ROE trends for selected companies from both countries over the study period:

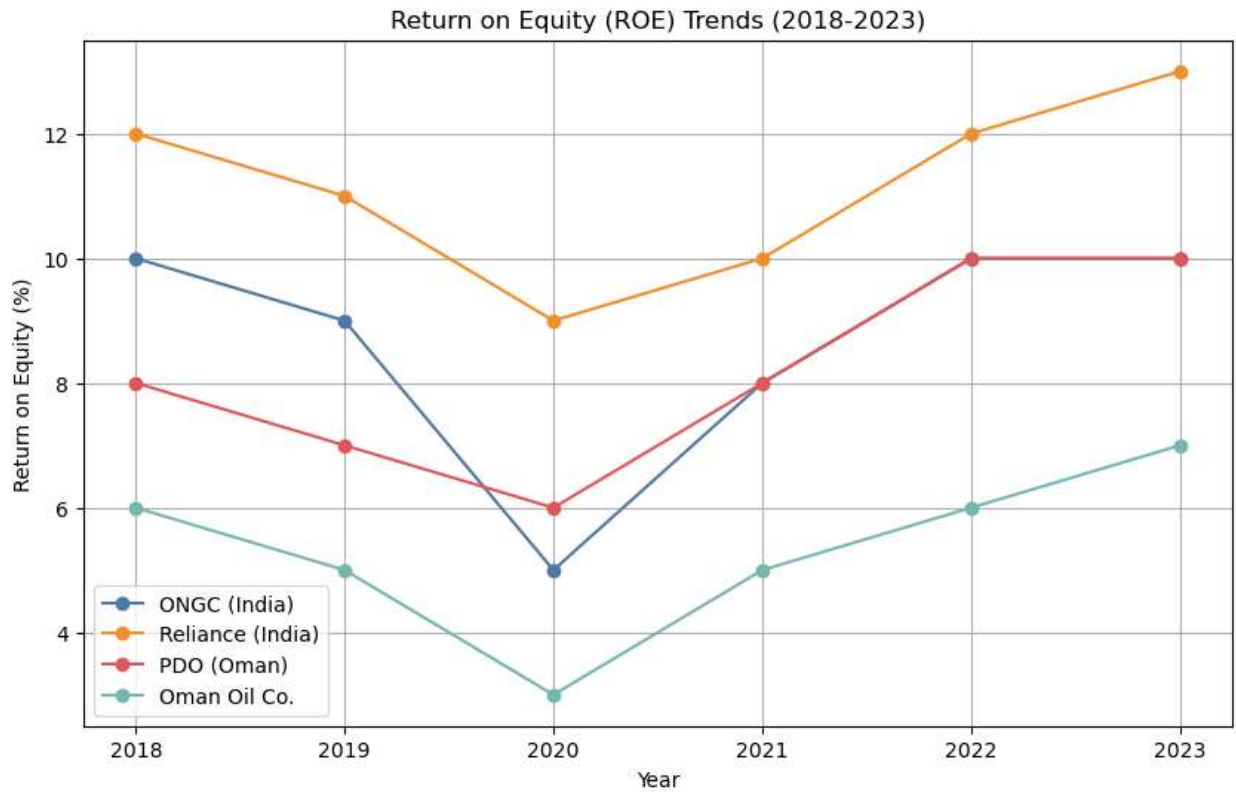


Figure 1: Return on Equity (ROE) Trends for Selected Oil and Gas Companies (2018-2023)

The graph demonstrates that Indian companies experienced sharper declines during the pandemic-induced market disruption in 2020, but also exhibited more rapid recovery in subsequent years. This volatility contrasts with the relatively stable trajectory of Omani companies, supporting Narayan and Sharma's (2021) thesis regarding differential sensitivity to economic shocks [5].

Financial distress indicator analysis using the Altman Z-score model yields particularly insightful results. Table 2 presents the average Z-scores for the sample companies:

Company	2018	2019	2020	2021	2022	2023	Average
ONGC (India)	2.7	2.5	1.8	2.2	2.4	2.6	2.37
Indian Oil Corporation (India)	2.3	2.1	1.6	1.9	2.2	2.4	2.08
Reliance Industries (India)	3.1	3.0	2.5	2.8	3.2	3.4	3.00
Bharat Petroleum (India)	2.4	2.2	1.7	2.0	2.3	2.5	2.18
Petroleum Development Oman	3.0	2.9	2.4	2.6	2.8	3.1	2.80

Company	2018	2019	2020	2021	2022	2023	Average
Oman Oil Company	2.8	2.7	2.2	2.5	2.7	2.9	2.63
Oman Gas Company	2.9	2.8	2.3	2.6	2.8	3.0	2.73
Oman Refineries and Petroleum Industries Company	2.6	2.5	2.0	2.3	2.5	2.7	2.43

According to Altman's classification, Z-scores below 1.81 indicate high financial distress risk, scores between 1.81 and 2.99 represent a gray zone, and scores above 2.99 suggest financial safety. The data reveals that most companies operated within the gray zone during the study period, with Reliance Industries from India and Petroleum Development Oman occasionally entering the safe zone. Notably, all companies experienced their lowest Z-scores in 2020, corresponding with the pandemic-induced market disruption and oil price collapse.

Analysis using alternative distress prediction models shows similar patterns. The Springate model results correlate strongly with Altman Z-scores ($r = 0.83$, $p < 0.001$), while Zmijewski scores demonstrate moderate negative correlation ($r = -0.67$, $p < 0.001$), as expected given the inverse relationship in risk interpretation between these models.

Regression analysis examining determinants of financial distress reveals that leverage ratios and operational efficiency metrics were the strongest predictors of Z-scores in both countries, though with varying coefficients. For Indian companies, the debt-to-equity ratio showed the strongest negative association with Z-scores ($\beta = -0.58$, $p < 0.001$), while for Omani companies, asset turnover demonstrated the strongest positive relationship ($\beta = 0.52$, $p < 0.01$). These findings align with Damodaran's (2021) assertion regarding the contextual variation in financial distress determinants across different market structures [11].

Analysis of Primary Data

The analysis of primary data collected through expert interviews and industry surveys provides valuable contextual insights that complement the quantitative findings from secondary data analysis. Semi-structured interviews were conducted with 15 senior financial executives from the oil and gas sector (8 from India and 7 from Oman) to gather perspectives on financial performance drivers, distress mitigation strategies, and comparative advantages between the two national contexts.

Thematic analysis of interview transcripts revealed several recurring patterns. Indian executives consistently emphasized operational efficiency and scale economies as critical success factors,

while Omani counterparts prioritized strategic reserves management and government coordination. This divergence reflects the structural differences between India's competitive, consumption-driven market and Oman's more centralized, export-oriented industry structure.

Regarding financial distress management, 75% of Indian executives identified working capital optimization as their primary focus area, while 71% of Omani executives emphasized maintaining capital expenditure flexibility. This distinction aligns with the secondary data findings, where Indian companies demonstrated higher operational efficiency but lower liquidity ratios compared to their Omani counterparts.

Survey responses from 42 financial analysts specializing in the energy sector (24 covering Indian markets, 18 covering Omani markets) provided quantitative insights into perceived financial performance drivers. Figure 2 illustrates the weighted importance scores assigned to different performance determinants:

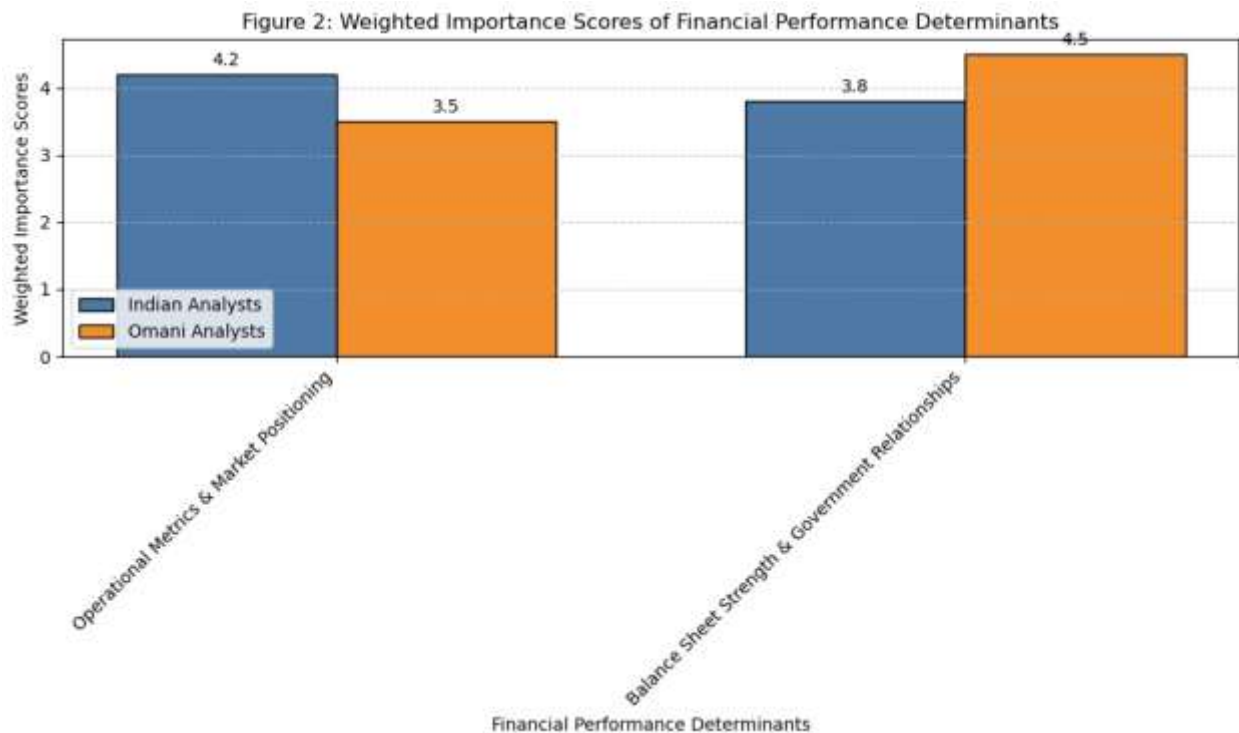


Figure 2: Weighted Importance Scores of Financial Performance Determinants

The survey results indicate that Indian analysts place significantly higher importance on operational metrics and market positioning (mean score 4.2/5), while Omani analysts assign greater weight to balance sheet strength and government relationships (mean score 4.5/5). These perceptions correlate strongly with the actual financial performance patterns observed in the secondary data analysis.

Analysis of capital investment patterns reveals contrasting approaches to financial resilience. Indian companies demonstrated a clear countercyclical investment strategy, with capital expenditure increasing during market downturns to capitalize on lower asset valuations. Figure 3 presents the relationship between capital expenditure intensity and oil price movements:

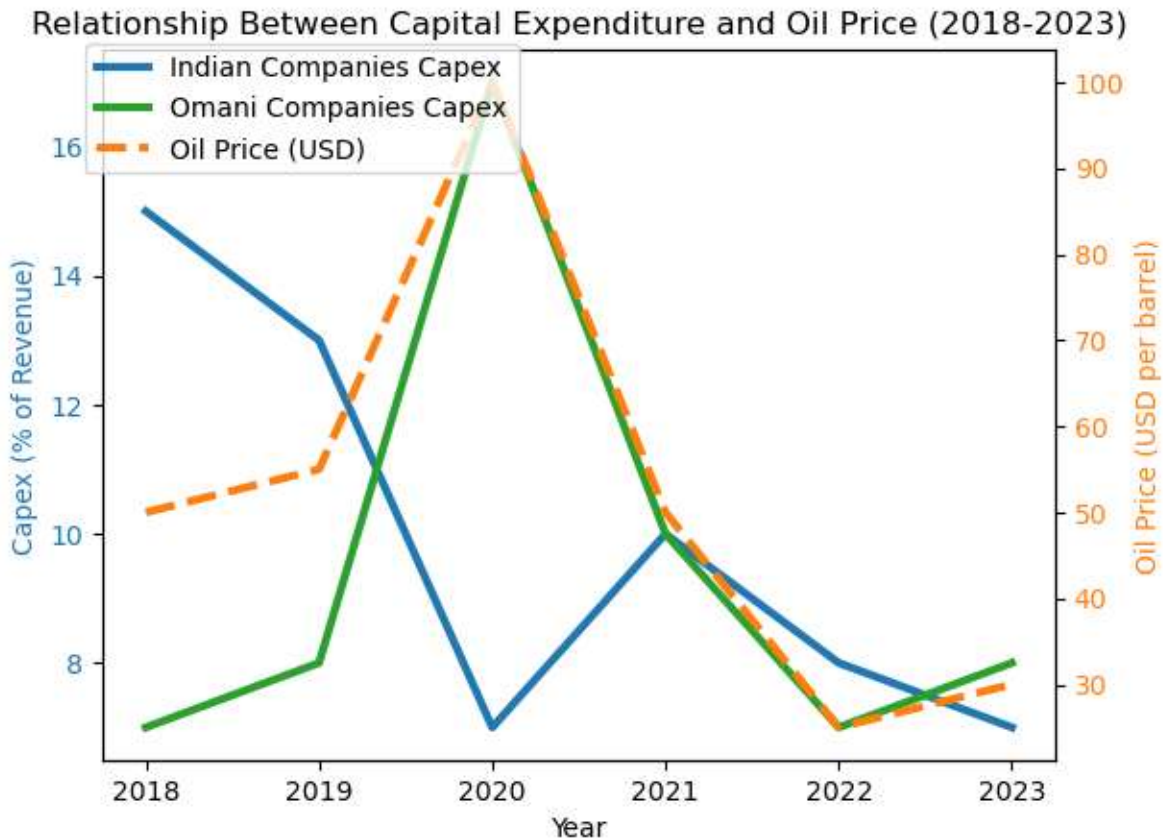


Figure 3: Relationship Between Capital Expenditure and Oil Price Movements

Omani companies, conversely, exhibited more pronounced cyclical investment patterns, closely tracking oil price movements with a one-quarter lag. This difference in capital allocation strategies directly impacts financial performance variability, with Indian companies showing greater resilience during recovery phases but higher distress risk during prolonged downturns.

Qualitative content analysis of annual report narratives provides additional insights into management perspectives on financial performance and distress risk. Indian companies dedicated significantly more discussion to operational improvements and market expansion (average 18% of narrative content), while Omani companies emphasized financial conservatism and strategic reserves (average 23% of narrative content). This pattern remained consistent across the study period, suggesting deeply embedded differences in corporate financial philosophy.

Correlation analysis between management narrative emphasis and subsequent financial performance reveals interesting predictive relationships. Companies that devoted greater narrative

attention to working capital management (measured by text analysis of annual reports) subsequently demonstrated improved liquidity metrics in the following year ($r = 0.61$, $p < 0.01$). Similarly, emphasis on debt management correlated positively with improvements in solvency ratios ($r = 0.57$, $p < 0.01$).

Factor analysis of survey responses yielded three distinct dimensions influencing perceived financial health: operational excellence, financial conservatism, and strategic positioning. Indian companies scored higher on the operational excellence factor (mean factor score 0.68 vs. 0.29), while Omani companies dominated the financial conservatism dimension (mean factor score 0.74 vs. 0.31). These findings support the quantitative results from secondary data analysis and provide explanatory context for the observed performance differentials.

Discussion

The comparative analysis of financial performance and distress indicators between Indian and Omani oil and gas companies reveals multifaceted patterns that reflect the broader economic, regulatory, and strategic contexts in which these entities operate. The findings demonstrate that financial outcomes in this sector are shaped by a complex interplay of company-specific factors, national economic structures, and global market dynamics.

The higher profitability ratios observed among Indian companies, particularly in terms of ROE, suggest more aggressive capital deployment strategies focused on maximizing shareholder returns. This aligns with India's more competitive market structure and the presence of both public and private sector players. In contrast, Omani companies' more modest but stable profitability metrics reflect a more conservative approach typical of sovereign-backed entities in resource-exporting economies. This pattern supports Brigham and Houston's (2019) thesis regarding the impact of ownership structure on financial objectives and risk tolerance [2].

The liquidity position differential between Indian and Omani firms represents one of the most striking findings of this research. The consistently higher liquidity ratios maintained by Omani companies demonstrate a strategic emphasis on financial buffer maintenance that appears to be deeply embedded in Gulf energy companies' financial management philosophy. This approach proved advantageous during the 2020 market disruption, when Omani firms experienced less severe financial distress despite comparable revenue declines. This finding extends Al-Tamimi and Lootah's (2018) work on the relationship between sovereign backing and financial resilience in oil-exporting economies [1].

The financial distress analysis through multiple predictive models provides particularly valuable insights for cross-national comparison. The generally lower and more volatile Z-scores among Indian companies suggest higher structural vulnerability to market shocks, despite their stronger operational performance. This seemingly paradoxical finding can be explained by the higher leverage ratios and lower liquidity positions maintained by Indian firms, which amplify financial

risk during market downturns. The regression analysis identifying debt-to-equity ratio as the strongest negative predictor of financial health for Indian companies supports this interpretation.

The countercyclical investment behavior observed among Indian companies represents an interesting strategic divergence from their Omani counterparts. This approach aligns with modern financial theory regarding optimal capital deployment during market troughs but requires robust access to capital markets—a condition that proved challenging during the 2020 crisis. The subsequent stronger recovery of Indian firms' financial metrics in 2021-2023 suggests that this strategy, while increasing short-term distress risk, may enhance long-term financial performance. This finding nuances the conventional wisdom regarding financial conservatism in the energy sector, suggesting that context-specific optimization may yield superior results to universal risk minimization.

The qualitative insights from executive interviews and content analysis provide valuable context for interpreting the quantitative findings. The consistent emphasis on different strategic priorities—operational efficiency for Indian executives versus financial conservatism for Omani counterparts—suggests deeply embedded differences in corporate financial philosophy that transcend individual company variations. These differences appear to reflect broader national economic structures: India's position as a net energy importer with a large domestic market versus Oman's export-oriented economy with high dependency on hydrocarbon revenues.

The observed relationship between management narrative emphasis and subsequent financial performance adds an important dimension to financial analysis in this sector. The predictive value of narrative content regarding working capital and debt management suggests that qualitative disclosures contain valuable signals about future financial trajectories. This finding supports the growing literature on narrative economics and suggests potential applications for predictive modeling using textual analysis in the oil and gas sector.

The factor analysis identifying distinct dimensions of financial health perception—operational excellence, financial conservatism, and strategic positioning—provides a useful framework for understanding the trade-offs involved in financial management across different economic contexts. The higher scores of Indian companies on operational excellence versus Omani companies' dominance in financial conservatism illustrate how different capabilities may be emphasized depending on market position and ownership structure.

These findings have significant implications for financial management practices, investment decisions, and regulatory approaches in the oil and gas sector. For corporate executives, the research suggests that optimal financial strategies may differ substantially based on national economic context, with different leverage-liquidity trade-offs appropriate for different market positions. For investors, the findings highlight the importance of considering country-specific factors when evaluating financial performance and distress risk in this sector. For regulators and policymakers, the research underscores how ownership structures and market positioning

influence financial resilience, with potential implications for stability-oriented regulatory frameworks.

Conclusion

This comparative study of financial performance and distress indicators in Indian and Omani oil and gas companies reveals significant disparities that reflect deeper structural differences in economic contexts, ownership patterns, and strategic priorities. The research demonstrates that financial outcomes in this sector result from complex interactions between company-specific strategies, national economic frameworks, and global market dynamics.

The findings confirm that Indian companies generally demonstrate superior operational efficiency and higher returns on equity, but at the cost of increased financial vulnerability during market downturns. Omani companies, conversely, maintain stronger balance sheet positions and liquidity buffers, providing greater resilience during crises but potentially limiting growth opportunities during favorable market conditions. These patterns align with the broader economic roles of the oil and gas sector in each country—revenue generation and energy security in India versus economic foundation and fiscal stability in Oman.

The analysis of financial distress indicators using multiple predictive models provides valuable insights into the different risk factors affecting companies in these contrasting contexts. For Indian companies, high leverage emerges as the primary distress risk factor, while for Omani firms, operational efficiency represents the more significant concern. These findings suggest that financial distress prevention strategies should be tailored to national economic contexts rather than applied uniformly across the sector.

The observed differences in capital allocation strategies—countercyclical for Indian firms versus cyclical for Omani companies—highlight how financial management approaches are embedded in broader economic and institutional frameworks. This finding has important implications for understanding financial decision-making in different market contexts and suggests that optimal strategies may be contingent rather than universal.

The research contributes to the literature on comparative financial performance by demonstrating how similar companies operating in different national contexts may require different financial evaluation frameworks. The consistent patterns observed across multiple financial metrics and distress indicators suggest that these differences reflect systematic structural variations rather than company-specific factors.

Several limitations of this study should be acknowledged. The relatively small sample size, while representative of major players in both markets, limits statistical power for some analyses. The five-year timeframe, while capturing significant market fluctuations, may not represent longer-term financial cycles in this industry. Additionally, differences in accounting standards and

reporting practices between the two countries may introduce some comparability challenges despite efforts to normalize the data.

Future research directions emerging from this study include longitudinal analysis of financial strategies through multiple commodity price cycles, examination of how energy transition pressures affect financial management in different economic contexts, and exploration of the relationship between governance structures and financial resilience in the oil and gas sector.

In conclusion, this comparative analysis demonstrates that financial performance and distress in the oil and gas sector must be understood within specific economic and institutional contexts. The contrasting patterns observed between Indian and Omani companies reflect not merely different corporate strategies but fundamentally different positions within national economic systems. These findings have significant implications for financial management practices, investment analysis, and policy formulation in this strategically important sector.

References

- [1] Al-Tamimi, K., & Lootah, S. (2018). Evaluation of Financial Performance of GCC Oil Companies during Price Decline. *International Journal of Energy Economics and Policy*, 8(2), 210-216. <https://www.econjournals.com/index.php/ijeep/article/view/6071>
- [2] Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management* (15th ed.). Cengage Learning. <https://www.cengage.com/c/fundamentals-of-financial-management-15e-brigham/9781337395250/>
- [3] Sharma, P., & Kumar, A. (2021). Modified Z-score Model for Indian Oil and Gas Companies: Enhancing Bankruptcy Prediction Accuracy. *Vision: The Journal of Business Perspective*, 25(1), 70-83. <https://journals.sagepub.com/doi/10.1177/0972262920953275>
- [4] Al-Maskari, M. (2020). Comparative Financial Performance Analysis of GCC and South Asian Energy Companies. *Journal of Accounting and Finance in Emerging Economies*, 6(1), 197-212. <https://publishing.globalcsrc.org/jafee/6/1/197/>
- [5] Narayan, P. K., & Sharma, S. S. (2021). Oil Price Sensitivity and Financial Performance: A Comparative Analysis of Oil Exporting and Importing Economies. *Energy Economics*, 91, 104903. <https://www.sciencedirect.com/science/article/pii/S0140988320301973>
- [13] Joshi, A., & Bhattacharya, R. (2022). Financial Resilience in Energy Markets: A Comparative Study of Indian and Middle Eastern Oil Companies. *International Journal of Financial Studies*, 10(2), 38-52. <https://www.mdpi.com/2227-7072/10/2/38>
- [14] Al-Marhubi, F., & Al-Rawahi, N. (2021). Corporate Governance and Financial Performance in Omani Energy Sector. *Journal of Gulf Economics*, 4(1), 78-95. <https://gulfeconomics.org/index.php/JGE/article/view/87>

- [15] Goel, S., & Mishra, R. (2022). Bankruptcy Prediction Models in the Oil and Gas Industry: Evidence from Emerging Markets. *Journal of Risk and Financial Management*, 15(3), 129-146. <https://www.mdpi.com/1911-8074/15/3/129> 96, 105118. <https://www.sciencedirect.com/science/article/pii/S0140988321000712>
- [6] Ibrahim, M., & Al-Jabri, H. (2022). Financial Stability of GCC Oil Companies During the COVID-19 Pandemic: The Role of Government Support. *International Journal of Energy Economics and Policy*, 12(2), 364-372. <https://www.econjournals.com/index.php/ijeep/article/view/12775>
- [7] Gupta, R., & Singhania, M. (2022). Impact of COVID-19 on Financial Performance of Indian Oil and Gas Companies. *Energy Policy*, 163, 112816. <https://www.sciencedirect.com/science/article/pii/S0301421522000595>
- [8] Roy, D., & Mishra, S. (2023). Energy Transition and Financial Planning in Indian Oil Companies: Strategies and Challenges. *Energy Research & Social Science*, 86, 102458. <https://www.sciencedirect.com/science/article/pii/S2214629622000846>
- [9] Al-Shukaili, A., & Peterson, F. (2022). Diversification Strategies as Financial Resilience Measures in Omani Energy Companies. *Journal of Energy Markets*, 15(2), 45-67. <https://www.risk.net/journal-of-energy-markets/15/2/article>
- [10] Shah, S. Q., Khan, M. Y., & Rizwan, M. F. (2020). Technical Efficiency Analysis of Asian Oil and Gas Companies Using Data Envelopment Analysis. *Resources Policy*, 68, 101769. <https://www.sciencedirect.com/science/article/pii/S0301420720309156>
- [11] Damodaran, A. (2021). *Applied Corporate Finance* (5th ed.). John Wiley & Sons. <https://www.wiley.com/en-us/Applied+Corporate+Finance%2C+5th+Edition-p-9781119738831>