CHAPTER-VI

FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 Findings of Profitability Analysis

The following findings are extracted from the analysis on the evaluation of profitability and dividend progress of selected steel companies in India.

Operating Profit Margin

- The mean value is very low in VISA and the result of TATA, SAIL, JSW show high, due to its good performance in the regular operations. More variation in the large cap companies is observed in VISA and consistency is observed in TATA. In the mid cap companies the lowest mean value is observed in KALYANI and BHUSHAN. JSPL show the good level in the operating profit. The more variation is observed in KALYANI and consistency is observed in JSPL.

- It is found that compound growth rate in operating profit ratios in TATA is very low when it is compared to other large cap companies, and BHUSHAN has the lowest rate among the mid cap companies.

- The forecasted value of operating profit margin of large cap companies for the next three years 2014-2016 show the decreasing trend in TATA and VISA. And the increasing trend show in SAIL and JSW. Mid cap company KALYANI shows increasing trend when compared to BHUSHAN and JSPL.

- Operating Profit Margin differs significantly between large cap companies and mid cap companies.
**Gross Profit Margin**

- From Gross profit margin analysis, it is found that the highest mean value in TATA by showing of ability to produce products in a cost-effective manner when compared to other large cap companies like SAIL, JSW and VISA. The more variation is observed in VISA and consistency is observed in TATA. In the mid cap companies the lowest mean value is found in KALYANI when compare to BHUSHAN and JSPL. More variation is observed in KALYANI and consistency is observed in JSPL during the study period.

- The compound growth rates of Gross profit margin show highest in SAIL when compare to other large cap companies like TATA, JSW and VISA. In the mid cap companies BHUSHAN has very low and KALYANI has very high during the study period.

- The predicted trend of Gross profit margin shows a gradual increase in large cap companies like TATA, SAIL, and JSW. VISA has decreased trend during 2014-2016. It shows an increasing trend in KALYANI when compared to other mid cap companies of BHUSHAN and JSPL.

- Gross Profit Margin differs significantly between Large cap companies and mid cap companies.

**Net Profit Margin**

- It is observed from the analysis of Net profit margin, the lowest mean value is found in VISA and the highest average found in other large cap companies like TATA, SAIL and JSW by reflecting of best overall performance in the profitability. The more variation is observed in VISA and consistency is observed in TATA. In the mid cap companies the highest mean values found in JSPL.
comparing to BHUSHAN and KALYANI. The more variation is observed in KALYANI and consistency is observed in JSPL during the study period.

- It is found that the compound growth rate of VISA is higher than the other large cap companies of TATA, SAIL, and JSW. In the case of mid cap companies KALYANI has the highest rate compare to BHUSHAN and JSPL during the study period.

- It is forecasted that the Net profit margin is to be increased in JSW. The other large scale companies of TATA, SAIL and VISA show a gradual decrease for the next three years 2014-2016. Likewise KALYANI has increasing trend and other mid cap companies of BHUSHAN and JSPL show decreasing trend.

- Net Profit Margin differs significantly between Large cap companies and mid cap companies.

**Return on Capital Employed**

- The analysis of Return on capital employed among the large cap companies shows the lowest mean value in VISA. And the other companies named TATA, SAIL and JSW have higher mean value, because of proper utilisation of capital amount. The more variation is observed in TATA and consistency is observed in JSW. In the mid cap companies, BHUSHAN has low mean value due to its improper uses of capital resources. The other companies namely JSPL and KALYANI have higher value. The more variation is observed in KALYANI and consistency is observed in BHUSHAN during the study period.

- It is observed the compound annual growth rate of large cap companies like TATA, SAIL show moderate rate the VISA shows the highest rate. The lowest rate is observed from JSW. From the mid cap companies JSPL shows the highest rate comparing to BHUSHAN and KALYANI during the study period.
The forecasting techniques exhibit increasing trend in the large cap companies like TATA, SAIL, and JSW, and there is a decreasing trend in VISA during 2014-2016. In case of mid cap companies, KALYANI has increasing trend when comparing to BHUSHAN and JSPL.

Return on Capital Employed, differs significantly between Large cap companies and mid cap companies.

**Return on Net Worth**

- It is found that the mean value of large cap companies of SAIL, TATA and JSW is good level, it means that the companies are utilizing the shareholder investment properly, to create returns for them and VISA has very lowest mean, because it has failed to create proper return to shareholder investment. The more variation is observed in SAIL and consistency is observed in VISA. The mean value of JSPL shows very high. The other mid cap companies of BHUSHAN and KALYANI shows the moderate level. The more variation is observed in KALYANI and consistency is observed in BHUSHAN during the study period.

- The compound growth rate of VISA is higher than the other large cap companies of the TATA, SAIL and JSW. In the mid cap companies of BHUSHAN, JSPL and KALYANI show the minimum rate.

- It can be predicted that the Return on Net Worth for the next three years 2014-2016, the TATA and SAIL have increasing trend and in large cap companies there is a decreasing trend. In the mid cap companies KALYANI has increasing trend. BHUSHAN and JSPL show decreasing trend.

- Return on Net Worth differs significantly between Large cap companies and Mid cap companies.
**Return on Long Term Funds**

- The lowest mean value is found in VISA. The other large cap companies of TATA, SAIL and JSW show good levels with effective use of total long term funds in their operation. The more variation is observed in TATA and consistency is observed in JSW. For mid cap companies BHUSHAN, JSPL and KALYANI are in good level. The more variation in the Return on Long Term Fund is observed in KALYANI and consistency is observed in JSPL during the study period.

- It is observed from compound growth rate, the highest rate in TATA and SAIL, and lowest rate is observed in JSW among the large cap companies. All companies belong to the mid cap have shown lower rates.

- When applying of forecasting techniques it is predicted that the trend value of return on long term funds in Large cap companies like TATA, SAIL and JSW have shown an increasing trend. VISA shows decreasing trend for the years 2014-2016. When JSPL indicates a decreasing trend for the next three years, other mid cap companies BHUSHAN and KALYANI shows an increasing trend.

- Return on Long Term funds differ significantly between Large cap companies and mid cap companies.

**Return on Assets**

- The highest mean values of Return on Assets found in JSW and TATA, because they are used their assets in optimum level to generate income. The lowest mean value found in SAIL and VISA with minimum uses of assets. The more variation is observed in JSW and consistency is observed in VISA among the large cap companies. In the mid cap companies the lowest value of mean is found in KALYANI. The highest values show in JSPL and BHUSHAN. The more
variation in the Return on Assets is observed in JSPL and consistency is observed in KALYANI during the study period.

- The compound growth rate of Return on Assets for the large and mid cap companies TATA, SAIL, JSW, VISA, BHUSHAN and KALYANI show negative level and only JSPL shows positive level in the mid cap companies.

- It has been found from forecasted techniques of Return on Assets, TATA and SAIL show decreased trends and JSW and VISA show an increasing trend in the large cap companies. Likewise BHUSHAN shows negative trend and JSPL and KALYANI show positive trend among the mid cap companies.

- Return on Assets differs significantly between Large cap companies and Mid cap companies.

**Current Ratio**

- The proportion of current assets and current liabilities show the higher ratio in TATA, SAIL and VISA by having good short term financial strength. The lower ratio found in JSW at below standard among the large cap companies. The more variation in the Current Ratio is observed in VISA and consistency is observed in JSW. In case of mid cap companies KALYANI shows above standard. BHUSHAN and JSPL show below the standard ratio by maintaining of poor short term funds. The more variation is observed in JSPL and consistency is observed in KALYANI during the study period.

- The compound growth rate of current ratio shows high in VISA and other large cap companies are showing negative rate. For mid cap companies JSPL shows high level and BHUSHAN shows low rate.

- From forecasting analysis, it is found that, the predicted current ratio is expected to decrease in large cap companies like TATA, SAIL and VISA. Whereas JSW
shows an increasing trend. It is predicted that the mid cap companies of JSPL and KALYANI show increasing trend and BHUSHAN shows decreasing trend.

- There is no significant difference in the mean Current ratio among the Large cap companies and mid cap companies.

**Debt Equity Ratio**

- The mean of Debt equity ratio of large cap companies found high level in JSW and VISA because of the high leverage position by using of long term debt fund. The low ratio is found in TATA and SAIL. More variation is observed in SAIL and consistency is observed in TATA. In case of mid cap companies it is found that BHUSHAN and JSPL are in high level and KALYANI shows lower level. More variation in the Debt Equity Ratio is observed in KALYANI and consistency is observed in JSPL during the study period.

- The compound growth rate shows positively in SAIL and JSW among the large cap companies, but TATA and VISA shows negative rate. In the mid cap all companies show negative rate.

- It can be predicted that the Debt equity ratios of large cap companies named TATA, SAIL, JSW and VISA are expected to meet the negative trend for next three years. In the mid cap companies JSPL shows an increasing trend for the years 2014-2016, and other companies BHUSHAN and KALYANI show a declining trend.

- Debt Equity ratio differs significantly between Large cap companies and Mid cap companies.
Quick Ratio

- It has been observed that the mean value of Quick ratio is very low in all large cap companies and it shows the poor liquidity position, even though more variation is observed in TATA and consistency is observed in SAIL. In the mid cap companies, KALYANI shows higher mean value compare to BHUSHAN and JSPL. The more variation in Quick Ratio is observed in JSPL and consistency is observed in KALYANI during the study period.

- It is found that the compound growth rate of Quick ratio is negative in TATA and SAIL. The positive rate is found in JSW and VISA of large cap companies. For mid cap companies, BHUSHAN shows positive rate when it compares to other companies.

- The predicted trend of Quick ratio shows a negative trend in TATA, SAIL and positive trend in JSW and VISA of large cap companies. BHUSHAN is expected to increase for the years 2014-16, and JSPL is expected to increase for the years 2014-2016 among the mid cap companies.

- Quick Ratio does not differ significantly between large cap companies, but it differs significantly between mid cap companies.

Interest Coverage Ratio

- In the analysis of interest coverage ratio of large cap companies, the higher mean value is found in SAIL and TATA. The lower mean value is found in JSW and VISA, it shows ability to pay interest on outstanding debt. The more variation is observed in VISA and consistency is observed in JSW. It is found that the mean value of mid cap companies show higher in JSPL. The lower mean value is found in BHUSHAN and KALYANI. The more variation in the Interest Coverage
Ratio is observed in KALYANI and consistency is observed in JSPL during the study period.

- The compound growth rate of Interest Coverage Ratio for the large cap companies are found higher in VISA and it is very low in SAIL and JSW. In case of mid cap companies KALYANI shows higher rate when compare to BHUSHAN and JSPL.

- It is found that the Interest Coverage Ratio for TATA is expected to increase for the years 2014-16 and other large cap companies like SAIL, JSW and VISA are showing a decreasing trend. Increasing trend is found in KALYANI for the years 2014-16 in the mid cap companies.

- Interest Coverage Ratio differs significantly for Large cap companies and do not differ significantly from Mid cap companies.

**Financial Charges Coverage Ratio**

- The mean value of Financial Charges Coverage Ratio is found higher in SAIL by having ability to satisfy fixed financing expenses. It is found lower in VISA and BHUSHAN among large cap companies. The more variation is observed in VISA and consistency is observed in JSW. It is observed higher mean value in JSPL among the mid cap companies. The more variation in the Financial Charges Coverage Ratio is observed in KALYANI and consistency is observed in JSPL during the study period.

- The Compound growth rate of Financial Charges Coverage Ratio for the large cap companies which is found high in VISA and TATA, and the lower rate is found in SAIL and JSW. In the mid cap companies KALYANI shows higher rate and low rate found in BHUSHAN and JSPL.
It is found that the increasing forecasted value in Financial Charges Coverage Ratio of TATA and JSW for the years 2014-2016 in large cap companies. When it is compared to BHUSHAN and JSPL. KALYANI shows an increasing trend in the mid cap companies.

Financial Charges Coverage Ratio differs significantly between Large cap companies and for mid cap companies do not differ significantly.

**Inventory Turnover Ratio**

Inventory turnover ratio of large cap companies, TATA and JSW shows higher mean value. SAIL, and VISA show lower mean value. The more variation is observed in SAIL and consistency is observed in JSW. By analyzing mid cap companies JSPL and KALYANI show the higher mean value and BHUSHAN shows lower mean value. The more variation is observed in BHUSHAN and consistency is observed in KALYANI during the study period.

From the compound growth rate analysis the higher rate found in SAIL and other large cap companies shows lower rates. For mid cap companies the higher rate found in BHUSHAN and JSPL, the lower rate observed in KALYANI.

From the forecasting techniques the inventory turnover ratio is predicted to decline in large cap companies of TATA, SAIL and JSW. At the same time there is an increasing trend in VISA for the years 2014-2016. In case of mid cap companies, JSPL and KALYANI show negative trend and BHUSHAN shows a positive trend.

Inventory Turnover Ratio differs significantly between large cap companies and between mid cap companies.
**Debtors Turnover Ratio**

- It has been observed from the analysis of the debtor turnover ratio, the higher mean value is found in TATA and JSW due to efficient management of debtors than other large cap companies of SAIL and VISA. The more variation is observed in VISA and consistency is observed in SAIL. For mid cap companies, the highest mean value is found in JSPL. The more variation in the Debtors Turnover Ratio is observed in JSPL and consistency is observed in KALYANI during the study period.

- The compound growth rate of Debtors Turnover Ratio in large cap companies indicates positively in SAIL and its shows negatively for TATA, JSW and VISA. KALYANI is found positive rate and negative rate is found in BHUSHAN and JSPL in the mid cap companies.

- The trend prediction of debtor’s turnover ratio shows positively for SAIL for the years 2014-2016, and other large cap companies of TATA, JSW and VISA show a negative trend for next three years 2014-2016. In the mid cap companies of BHUSHAN, JSPL and KALYANI show a negative trend in debtors turnover ratios for next three years 2014-2016.

- Debtors Turnover Ratio differs significantly between Large cap companies and between Mid cap companies.

**Investment Turnover Ratio**

- The highest mean value of investment turnover ratio is reported by TATA and JSW among the large cap companies. The more variation is observed in SAIL and consistency is observed in VISA. The mean value of KALYANI and JSPL is found to be higher and these companies have the ability to generate more returns from investment. The more variation in the Investment Turnover Ratio is
observed in BHUSHAN and consistency is observed in KALYANI from mid cap companies.

- TATA, SAIL and JSW show positive compound growth rates in large cap companies and all mid cap companies show positive growth rate during the study period.

- It has been predicted to decline the investment turnover ratio in large cap companies of TATA, SAIL and JSW by negative aspect, but VISA shows a positive trend for the next three years 2014-2016. BHUSHAN shows positive trend. The JSPL and KALYANI shows a negative trend in the mid cap companies.

- Investments Turnover Ratio differs significantly between Large cap companies and between Mid cap companies.

**Fixed Assets Turnover Ratio**

- When analysis of fixed assets turnover ratio of large cap companies the mean value of VISA shows higher value due to, ability to generate income from fixed assets. The lower mean value is found in TATA, SAIL and JSW during the study period. The more variation is observed in VISA and consistency is observed in JSW. From mid cap companies the KALYANI shows higher mean value than BHUSHAN and JSPL. The more variation in the Fixed Assets Turnover Ratio is observed in BHUSHAN and consistency is observed in JSPL.

- The highest compound growth rate is found in VISA and the lower rate is found in JSW among the large cap companies. In the mid cap companies BHUSHAN shows the higher rate among the mid cap companies.

- It has been observed that the predicted Fixed Assets Turnover Ratio of large cap companies TATA, SAIL, JSW shows positive trend and VISA shows a negative
trend for the next three years. All mid cap companies show a negative trend for the next three years.

- Fixed Assets Turnover Ratio does not differ significantly between Large cap companies, and Fixed Assets Turnover Ratio differs significantly between Mid cap companies.

**Total Assets Turnover Ratio**

- In case of Total assets turnover ratio SAIL shows higher ratio among the large cap companies and more variations are observed in TATA and consistency is observed in JSW. KALYANI shows higher ratio among the mid cap companies. The more variation is observed in BHUSHAN and consistency is observed in JSPL with respect to Total Asset Turnover Ratio

- The compound growth rate is found to be high in TATA, SAIL and VISA of large cap companies and BHUSHAN, JSPL are found higher in the mid cap companies

- From forecasting analysis the predicted value of the total assets turnover ratio shows positive trend in the large cap companies of TATA, SAIL and JSW but VISA shows a negative trend for the years 2014-2016. The predicted value of BHUSHAN shows positive trend among the mid cap companies.

- Total Asset Turnover Ratio does not differ significantly between Large cap companies and Total Asset Turnover Ratio differ significantly between Mid cap companies

**Regression Analysis**

- It is found that the Dividend per Share, Earnings Retention Ratio, Fixed Assets Turnover Ratio and Interest Coverage Ratios are significant in predicting the Operating profit margin of both large cap and mid cap companies
Gross profit margin is affected by Dividend per Share, Earnings Retention Ratio, Interest Coverage Ratio and Fixed Assets Turnover Ratio.

The main determinations of Net profit margin are Dividend per Share, Earnings Retention Ratio, Interest Coverage Ratio and Fixed Assets Turnover Ratio.

Return on Capital Employed is affected by Financial Charges Coverage Ratio, Investments Turnover Ratio, Inventory Turnover Ratio, and Dividend per Share. Total Assets Turnover Ratio and Fixed Assets Turnover Ratio.

The Earnings Retention Ratio, Financial Charges Coverage Ratio, Dividend per Share, Investments Turnover Ratio, Inventory Turnover Ratio and Fixed Assets Turnover Ratio are important factors in predicting the Return on Net Worth of the large cap and mid cap companies.

Earnings per Share, Debtors Turnover Ratio, Dividend per Share and Interest Coverage Ratios are significant in predicting the Return on Assets.

Financial Charges Coverage Ratio, Investments Turnover Ratio, Inventory Turnover Ratio, Dividend per Share, Total Assets Turnover Ratio and Fixed Assets Turnover Ratio are important to determining of Return on Long Term Funds.

6.2 Findings of Dividend Analysis

Dividend Payout Ratio

It has been observed that the higher mean value is found in TATA, SAIL and lower mean value is found in VISA. The more variation is observed in VISA and consistency is observed in TATA of large cap companies. From the mid cap companies, the higher mean value is found in KALYANI. More variation is observed in BHUSHAN and consistency is observed in JSPL during the study period.
The higher compound growth rate of large cap companies found in SAIL, JSW and VISA and lower rate found in TATA. KALYANI shows higher rate compared to other mid cap companies of BHUSHAN and JSPL.

The forecasting, trend shows an increasing trend in the large cap companies of TATA, SAIL and JSW but VISA is expected to meet negative trend for the years 2014-2016. In case of mid cap companies, all companies are expected to meet positive trend for the next three years 2014-2016.

Dividend Payout Ratio differs significantly between large cap and between mid cap companies.

**Dividend per Share**

The analysis of dividend per share of large cap companies show that the highest mean in TATA and the lowest mean in VISA. More variation is observed in VISA and consistency is observed in TATA. JSPL shows higher mean value than BHUSHAN and KALYANI among the mid cap companies. More variation in the Dividend per Share is observed in JSPL and consistency is observed in BHUSHAN.

The compound growth rate of Dividend per Share for the large cap companies SAIL, JSW and VISA show higher rate and minimum rate found in TATA. By comparing of mid cap companies only KALYANI shows higher rate.

It has been observed from forecasting analysis that the large cap companies like TATA, SAIL, JSW are expected to increase gradually and VISA is expected to decrease for the next three years 2014-2016. It is also observed increasing trend in Dividend per share of all mid cap companies for the next three years 2014-2016.
Dividend per share differ significantly between Large cap companies and between Mid cap companies.

**Earning Retention Ratio**

- The mean value is found higher in the large cap companies of JSW, TATA and SAIL due to proper retention policy. The lower mean value found in VISA due to improper retention policy. More variation is observed in VISA and consistency is observed in TATA. In the mid cap companies BHUSHAN shows higher mean value and lower mean value is found in KALYANI. More variation in the Earning Retention Ratio is observed in KALYANI and consistency is observed in JSPL.
- The compound growth rate of large cap companies, highest rate is found in VISA and the negative rate is found in TATA and JSW. In the mid cap companies KALYANI shows higher rate and BHUSHAN and JSPL show lower rate.
- From forecasting techniques, the increase trend shows in TATA and other large cap companies of SAIL, JSW and VISA show a negative trend for the years 2014-2016. All mid cap companies show a negative trend for the years 2014-2016.
- Earning Retention Ratio does not differ significantly between Large cap companies and differ significantly between Mid cap companies.

**Earning per Share**

- Higher mean value is found in TATA and JSW and lower mean value is found in VISA. More variation is observed in VISA and consistency is observed in TATA. It is observed that the higher mean value in JSPL and BHUSHAN. More variation in the Earning per share is observed in JSPL and consistency is observed in KALYANI.
The higher compound growth rate is found in VISA, and negative rates are found in TATA and JSW in the large cap companies. In the mid cap companies JSPL shows higher rate than BHUSHAN and KALYANI.

The forecasted value shows a negative trend in SAIL and VISA, the JSW expected to grow for the years 2014-2016. In the mid cap companies of JSPL, KALYANI show increasing trend and BHUSHAN expected to decline for the years 2014-2016.

Earnings per share differ significantly between Large cap companies and between Mid cap companies.

**Regression Analysis**

- It is found from regression analysis Debt equity ratio play more important role in predicting the Dividend Payout Ratio.
- It has been observed that the Return on Assets, Inventory Turnover Ratio, Debtors Turnover Ratio and Gross Profit Margin are significant in predicting the Dividend Per Share.
- Looking at the significance values it indicates that Return on Assets, Net Profit Margin, Debtors Turnover Ratio and Debt Equity Ratios are significant in predicting the Earnings Per Share.
- In the prediction of Earning Retention Ratio, the financial factors of Return on Capital Employed, Return on Net Worth and Debt Equity Ratio are playing a significant role.

**Discriminant function analysis**

- It is seen from the table of Discriminant function analysis that nearly 21.25 % of the variation in the Discriminant Function are due to Debtors Turnover Ratio, which contributes maximally, in discriminating between large cap companies and
mid cap companies. Next, Earnings Per Share, which contributes about 3% in discriminating between the two groups followed by Dividend Per Share and Interest Coverage Ratio. Net Profit Margin seems to contribute least in discriminating between large cap companies and mid cap companies.

6.3 Suggestions

Keeping in view of the above findings related to evaluation of Profitability and Dividend progress, the following measures are suggested to make improvement of a weak area in financial activities of large cap and mid cap companies.

- It has been observed that VISA and KALYANI indicates lower levels of operating profit ratio due to increase in operating expenses. Hence, both companies are suggested to give attention to reduce operating expense by effective utilisation of resources and efficient maintenance of equipment, it leads to increase gross profit margin and net profit margin of firm.

- All the large cap and mid cap companies are showing good return on their total capital employed due to efficient uses of equity and long term fund in the right proportion. But VISA and BHUSHAN show lower than others due to improper uses of equity and debt fund. Hence, both companies are suggested to use available fund in the right proportion with consideration of cost of capital.

- The return on net worth of major Large cap companies are good due to efficient uses of equity fund, but VISA shows the negative ratio, it shows that the company’s inefficient and ineffective uses or misuse of shareholder's funds and it indicates unfavourable business conditions, so it can take new strategies to effective uses of equity fund in their operation by reducing external debt investment.
The generating of income from assets is a very good position in the majority of large and mid cap companies, but VISA and KALYANI fail to increase its return on assets due to inefficient and ineffective uses of assets, so these companies should take necessary step to increase income by effective utilization of assets.

The current ratio of JSW, BHUSHAN and JSPL are not satisfied because of poor maintenance of working capital fund, these companies should focus on handling of working capital components based on requirement.

JSW, VISA, BHUSHAN and JSPL are showing higher ratio due to ability in usage of long term debt compared to other steel companies. These companies should adopt proper policies to select debt funds because it leads to increase fixed interest expenses on debt fund.

The inventory turnover of TATA, SAIL and KALYANI shows good signal due to high ratio. These companies should make a careful analysis because it may bring the highest level of cost which associated with maintenance and carrying of inventory. And other lower ratio companies are advised to give more attention to increase the inventory turnover ratio that will help to increase sales and profit from inventory.

When considering of all large cap companies of Debtors turnover ratio is better, due to more efficient in managing of debt. BHUSHAN and KALYANI show lower ratio due to inefficient management of debtors. These two companies should draw and adopt proper credit policy to their customers, otherwise it leads to increase bad debt on sales.

The investment turnover ratio of TATA, JSW and KALYANI found to be good because the investment is properly utilised to generate income efficiently, that should be maintained. Other steel companies display lower ratios, it shows the
inability or misuse of investment in the business because it fails to produce reasonable income, by proper uses of available investment with minimum risk it can be increased income from investment.

➤ The majority of companies from selected steel companies have lower Total Asset Turnover Ratio, it shows the inability of firm because no utilization or under utilization of assets leads to lower income generation. It is suggested to use available total tangible assets effectively for generating earnings.

➤ The Dividend payout ratio of TATA, SAIL, JSW, VISA and KALYANI show favour with excellence in managerial ability and status of companies, that can be maintained for long periods. BHUSHAN and JSPL show lower ratio, hence they should increase their payout ratio for the welfare of investors.

➤ Dividend per share is an important and commonly used ratio to identify original shareholder benefits. SAIL, VISA, BHUSHAN and KALYANI declared below Rs.5 as a dividend. It shows that the companies not caring of investor benefits, it is suggested to declare higher dividend as much as possible because it may lead to shareholders to stay longer period.

➤ The higher earnings retention ratios are found in VISA, BHUSHAN and JSPL. It shows that these companies are giving more importance to their growth like expansion, modernization. At the same time, these companies should take care of investor benefits by paying of higher dividend, earnings retention depending on the company’s earnings stability and dividend payment policy.

➤ SAIL, VISA and KALYANI recorded their Earnings per share at lower levels due to minimum profit allowed to the equity shareholders on per share basis. These companies should take care of its profitability maintenance to increase market share by attracting new investors.
6.4 Conclusion

In the present scenario, companies have to meet global competition and grow with profitable. It is the main role of financial manager and management to evaluate the company’s financial position with appropriate manner, that assist to various financial decision making, such as Investment decision, Finance decision, Dividend decision and Working capital decision. The evaluation plays an important role in judging the financial soundness of selected steel companies in India. The steel industries play vital role in the development of the country’s economy. The consumption of steel products is increasing in the industries of automobile, infrastructure, white goods, machinery and tools. This is the role of management to maintain good financial position by effective utilization and control of available asset or funds, which leads to increase profitability of the firm. In the present study concludes that the profitability of selected steel companies very fair, except few belongs to mid cap companies, they need effort to stabilize their financial position to meet domestic and global competition. The companies belong to same industry differ in maintaining of profitability in various aspects.

The dividend progress plays important role in the financial activities of the company and also its affect profitability, liquidity, capital structure, flow of fund, share valuation, and investor satisfaction with regard to wealth maximization. It helps companies to maximize the market value in the capital market. The present study concludes that many of the companies following proper dividend policy and paying regular dividend, that will lead to investors’ satisfaction towards better income generation on investment, also it will help to retain existing investor for long period and acquire new investor to mobilize fund for future projects. Many factors that influence the determinants of dividend namely Return on Assets, Return on net worth, Debtors Turnover Ratio and Gross Profit Margin and Net profit margin.
6.5 Managerial Implications

Based on analysis of financial data of the present study, the findings and suggestion have been drawn and presented. It is clearly shows implications for finance managers and managements of steel companies in India and the same has been discussed below.

- This study has provided and proved various measures to identify profitability in various aspects. VISA and KALYANI failed to maintain proper profitability due to occur over expenses, the financial managers can use this as template to measure their own profitability and make comparison with competitor companies in order to know profitability and financial strength and weakness.

- This study may encourage all financial managers of steel companies to improve their profitability by considering and controlling of various financial factors such as liquidity, turnover and expenses, because these are mostly influencing to determine of profitability, and the managers can concentrate in proper financial planning and policy making.

- This study also provides insight to the finance managers of VISA, BHUSHAN and JSPL to adopt proper dividend policy and follow proper retention rate. This will help to the companies to retain existing investor for long period and acquire potential investors for new project such as expansion and diversifications.

- The study examined that there is a close relationship between liquidity, profitability and dividend. The finance managers have to consider these relationships when taking of financial decision, investment decision and dividend decision that will help to improve overall financial performance of the company.
6.6 Scope for Further Study

The researcher believes that the findings and suggestions of present study can be complemented by further research on the following areas.

- This study can be extended to make comparison on profitability and divided among different industries in India (inter-industry comparison). Further, it can be compared with other countries' industries (inter-country comparison).

- Further study can be carried out to identify the risk associated with profitability and benefits associated with dividend payments.

- The research can be taken up to identify the impact of profitability and dividend payment on the market price of the share.

- Further study can cover the participation of other functional areas of business on profitability (such as production, marketing, human resources, and research & development).

- Further investigation can include other characteristic of firms such as growth of market share, business diversification, merger and acquisition etc., to determine profitability and dividend payment.

- The present study dealt only financial factor analysis based on secondary data, further research can make about investor opinion towards profitability and dividend (behavioural finance).