CHAPTER - VI
FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 FINDINGS

6.1.0 CAPITAL STRUCTURE RATIO AND PROFITABILITY RATIOS

6.1.1 CAPITAL STRUCTURE RATIOS

1. DEBT EQUITY RATIO

The average Debt Equity ratio of select banks was (0.464). The highest (0.536) mean value among the select banks, Karur Vysys Bank (KVB) stands first, its standard deviation (0.377). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (0.391), its standard deviation (0.222). The Debt Equity ratio shows the final result, that Karur Vysya Bank places the first position.

2. DEBT ASSET RATIO

The average Debt Asset ratio of select banks was (0.065). The Karur Vysya Bank (0.065) mean value among the select banks, its standard deviation (0.022). The Lakshmi Vilas Bank (LVB) mean value is (0.064), its standard deviation (0.014). The Debt Asset ratio shows the final result, that Both Karur Vysya Bank and Lakshmi Vilas Bank is more or less in the equal position.

3. CAPITAL GEARING RATIO

The average Capital Gearing ratio of select banks was (1.116). The highest (1.263) mean value among the select banks, Karur Vysys Bank (KVB) stands first, its standard deviation (0.327). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (0.969), its standard deviation (0.190). In Capital gearing ratio, Karur Vysya Bank has the maximum mean value.
4. INTEREST COVERAGE RATIO

The average Interest Coverage ratio of select Banks was (0.166). The highest (0.238) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.096). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (0.094), its standard deviation (0.049). The Interest Coverage ratio shows the highest mean value of Karur Vysya Bank.

6.1.2 PROFITABILITY RATIOS

5. NET PROFIT RATIO

The average Interest Coverage ratio of select Banks was (9.969). The highest (13.914) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.896). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (6.024), its standard deviation (2.813). Karur Vysya Bank shows the highest in Net Profit ratio among the select Banks.

6. OPERATING PROFIT RATIO

The average Interest Coverage ratio of select Banks was (18.330). The highest (21.211) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.171). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (15.448), its standard deviation (2.762). Karur Vysya Bank stands first in Operating Profit ratio.

7. RETURN ON CAPITAL EMPLOYED

The average Return on Capital Employed ratio of select Banks was (12.602). The highest (16.985) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.263). The Lakshmi Vilas Bank (LVB) stand in second position its
mean value is (8.218), its standard deviation (2.781). **Karur Vysya Bank stays first in Return on Capital Employed ratio.**

### 8. RETURN ON ASSET

The average Return on Asset ratio of select Banks was (9.778). The highest (9.832) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.921). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (9.723), its standard deviation (0.880). **Karur Vysya Bank stands first and shows the highest value in Return on Asset ratio.**

### 6.1.3 DU PONT ANALYSIS USING ROI AND ROE

#### 1. RETURN ON INVESTMENT

The average Return on Investment ratio of select Banks was (0.051). The highest (0.065) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.011). The Lakshmi Vilas Bank stand in second position its mean value is (0.037), its standard deviation (0.014). **Karur Vysya Bank stands first, based on Return on Investment highest mean value.**

#### 2. RETURN ON EQUITY

The average Return on Equity ratio of select Banks was (2.984). The highest (3.278) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.474). The Karur Vysya Bank stand in second position its mean value is (2.689), its standard deviation (0.435). **Lakshmi Vilas Bank stands first in Return on Equity.**
6.1.4 LEVEL OF LEVERAGE ANALYSIS

1. LEVERAGE RATIO

The average Leverage ratio of select Banks was (0.932). The highest (0.926) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.010). The Karur Vysya Bank stand in second position its mean value is (0.938), its standard deviation (0.008). **Lakshmi Vilas Bank stands first position in Leverage ratio when comparing to other select bank**

2. SIZE (NATURAL LOGARITHM OF TOTAL ASSET)

The average Size of select Banks was (9.886). The highest (10.287) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.598). The Lakshmi Vilas Bank stand in second position its mean value is (9.484), its standard deviation (0.534). **Karur Vysya Bank has shows the highest mean value in the Size of Total Asset.**

3. TANGIBILITY RATIO

The average Tangibility ratio of select Banks was (0.839). The highest (0.951) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.299). The Karur Vysya Bank stand in second position its mean value is (0.727), its standard deviation (0.070). **Lakshmi Vilas Bank shows the highest in Tangibility ratio among the select banks.**

4. PROFITABILITY RATIO (USING TOTAL ASSET)

The average Profitability ratio of select Banks was (0.073). The highest (0.074) mean value among the select banks, Karur Vysya Bank stands first its standard deviation
(0.006). The Lakshmi Vilas Bank stand in second position its mean value is (0.071), its standard deviation (0.009). **Karur Vysya Bank has shows the highest mean value in the Profitability ratio.**

5. DIVIDEND PAYOUT RATIO

The average Dividend Payout ratio of select Banks was (0.324). The highest (0.349) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.053). The Lakshmi Vilas Bank stand in second position its mean value is (0.298), its standard deviation (0.066). **Karur Vysya Bank stands first in Dividend Payout ratio.**

6. TAXATION RATIO

The average Taxation ratio of select Banks was (1.749). The highest (3.199) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (1.897). The Karur Vysya Bank stand in second position its mean value is (0.298), its standard deviation (0.212). **Lakshmi Vilas Bank places the first position in the taxation ratio. LVB has paid the highest tax during study period.**

7. TOTAL RISK ASSET RATIO

The average Total Risk Asset ratio of select Banks was (0.751). The highest (1.279) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.628). The Karur Vysya Bank stand in second position its mean value is (0.222), its standard deviation (0.141). **Lakshmi Vilas Bank places the first position in the Total Risk Asset ratio. LVB has the highest Risk Asset value.**
6.2 SUGGESTIONS

1. Debt Equity Ratio The relationship between borrowed funds and owner’s capital is a popular measure of long term financial solvency of a firm. The Debt Equity Ratio is a financial ratio indicating the relative proportion of entity's equity and debt used to finance an entity's assets. It is also known as financial leverage ratio. The ratio is the key financial ratio and is used as a standard for judging a company's financial standing. It is also a measure of a company's ability to repay its obligations. When examining the health of a company, it is critical to pay attention to the Debt Equity Ratio. If the ratio is increasing, the company is being financed by creditors rather than from its own financial sources which may be a dangerous trend.

Tangible Net worth is calculated as Capital + Free Reserve – intangible asset. Lower values of debt-to-equity ratio are favorable indicating less risk. Higher debt-to-equity ratio is unfavorable because it means that the business relies more on external lenders thus it is at higher risk, especially at higher interest rates. Optimal Debt Equity Ratio is considered to be about 1, i.e. liabilities = equity, but the ratio is very industry specific because it depends on the proportion of current and non-current assets.

Generally banks prefer a ratio below 3:1. The main purpose of this ratio is to ascertain the relative financial stakes or skin in the business of the owner’s vis-à-vis the creditors. But both the study banks are not using at least the optimal level of borrowers’ fund in their capital structure to attain the favourable financial leverage is also not good for a good financial management. Hence it is suggested that both banks may reconsider the Debt Equity Ratio.
From debt equity ratio of KVB it is clear that the long term solvency position is not satisfied. The ideal ratio is 3:1 they have to improve their solvency position. The long term solvency position is little better than LVB.

2. Debt Asset Ratio Total debt to total assets is a leverage ratio that defines the total amount of debt relative to assets. This enables comparisons of leverage to be made across different companies. The higher the ratio, the higher the degree of leverage, and consequently, financial risk. This is a broad ratio that includes long-term and short-term debt (borrowings maturing within one year), as well as all assets – tangible and intangible. Like all other ratios, the trend of the total debt to total assets should also be evaluated over time. This will help assess whether the company’s financial risk profile is improving or deteriorating.

In this study, while evaluating the debt to total asset ratio the KVB assets are financed through equity during the study period. When comparing with the select banks average Debt Asset Ratio (0.065), KVB bank found to be equal with the select bank average Debt Equity ratio. The LVB assets are financed through equity during the study period. When comparing with the select banks average Debt Asset Ratio (0.065), LVB bank found to be equal with the select bank average Debt Equity ratio.

Both the KVB and LVB bank place equal position based on the Average Debt Asset. Since the assets positions of both the banks are found sound, the financial leverage of the study banks indicating obviously at their comfort zone. One shortcoming of the total debt to total assets ratio is that it does not provide any indication of asset quality, since it lumps all tangible and intangible assets together. If it is in good quality the study banks may sail on the same level of ratio.
3. **Capital gearing ratio** Capital gearing ratio is a useful tool to analyze the capital structure of a company and is computed by dividing the common stockholders’ equity by fixed interest or dividend bearing funds. Analyzing capital structure means measuring the relationship between the funds provided by common stockholders and the funds provided by those who receive a periodic interest or dividend at a fixed rate. A company is said to be low geared if the larger portion of the capital is composed of common stockholders’ equity. The low gearing ratio indicates over capitalization. On the other hand, the company is said to be highly geared if the larger portion of the capital is composed of fixed interest/dividend bearing funds. The aim should be avoid both high gearing and low gearing and achieve ‘Fair Capitalisation’.

The average Capital Gearing ratio of select banks was (1.116). The highest (1.263) mean value among the select banks, Karur Vysys Bank (KVB) stands first, its standard deviation (0.327). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (0.969), its standard deviation (0.190). In Capital gearing ratio, Karur Vysya Bank has the maximum mean value.

In the case of KVB Capital Gearing ratio though in the year 15-16 shows satisfactory level, it is not safe to maintain high debt content in future. In the case of LVB procurement of the finance is more than equity, it has to bring changes to maintain fair capitalization. The capitalization of KVB is better than LVB. Hence, LVB has to focus little more attention towards its capitalization.

4. **Interest Coverage Ratio (ICR)** The interest coverage ratio (ICR) is a measure of a company's ability to meet its interest payments. Interest coverage ratio is equal to earnings before interest and taxes (EBIT) for a time period, often one year, divided by
interest expenses for the same time period. ICR also known as Times Interest Earned Ratio (TIE), states the number of times a company is capable of bearing its interest expense obligation out of the operating profits earned during a period.

The effect of taxation is normally ignored in the calculation. Lower the ICR, the higher the company's debt burden and the greater the possibility of bankruptcy or default. A higher ratio indicates a better financial health as it means that the company is more capable to meeting its interest obligations from operating earnings.

The average Interest Coverage ratio of select Banks was (0.166). The highest (0.238) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.096). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (0.094), its standard deviation (0.049). The Interest Coverage ratio shows the highest mean value of Karur Vysya Bank. Hence it is suggested that, LVB has to increase its Interest coverage Ratio.

5. Net Profit Ratio The profit margin is indicative of bank’s ability to operate the business with sufficient success not only to recover from revenues of the period, the cost of services, the expenses of operating the business and the cost of borrowed funds, but also to leave a margin of reasonable compensation to the bankers for providing their capital at risk. Higher the ratio, better is the operational efficiency of the bank. This ratio is used to measure the overall profitability and hence it is very useful to the bankers.

The average Interest Coverage ratio of select Banks was (9.969). The highest (13.914) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.896). The Lakshmi Vilas Bank (LVB) stand in second position its mean
value is (6.024), its standard deviation (2.813). Karur Vysya Bank shows the highest in Net Profit ratio among the select Banks.

Thus, while examining this ratio, it could be see that, over the study period ,the net profitability ratio gradually decreased, it shows the inefficiency of the management of banks. Both KVB and LVB, when compared with the previous year profitability, they have to improve their management efficiency. While compared the profitability ratio between them KVB ratio is better than that of LVB. The overall net profit ratio of LVB stands in the second position. The reason is that the net income of LVB during the study period is only the half of the net income of KVB. Hence, it is suggested that, to increase the efficiency of LVB, it could concentrate on generating more income and that may lead automatically to an increase in the operating profit..

6. Operating Profit Ratio Operating margin is a margin ratio used to measure a company's pricing strategy and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. It can be calculated by dividing a company’s operating income (also known as "operating profit") during a given period by its net sales during the same period. “Operating income” here refers to the profit that a company retains after removing operating expenses (such as cost of goods sold and wages) and depreciation. “Net sales” here refers to the total value of sales minus the value of returned goods, allowances for damaged and missing goods, and discount sales.

The average Interest Coverage ratio of select Banks was (18.330). The highest (21.211) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.171). The Lakshmi Vilas Bank (LVB) stand in second position its mean
value is (15.448), its standard deviation (2.762). Karur Vysya Bank stands first in Operating Profit ratio.

The operating ratio of KVB has increased in the year 15-16 when compared with previous year. During the study period, from 06-07 to 13-14, the operating profit ratio showing decreasing condition. It has increased from 14-15.

During the study period, in the case of LVB the operating profit ratio shows that only moderate changes occurred from one year to another.

Both KVB and LVB have to maintain operating profit ratio in increasing trend, when compared KVB with LVB, KVB has better operating profit efficiency than LVB.

7. Return on Capital Employed Ratio This ratio is also known as Return on Investment (ROI). The prime objective of making investments in banking business is to obtain satisfactory return on capital invested. It indicates the percentage of return on the capital employed in the banking business and it can be used to show the efficiency of the business as a whole. This ratio refers to long-term funds supplied by the bankers. This provides a test of profitability related to the sources of long-term funds. The higher the ratio, the more efficient use of the capital employed.

The average Return on Capital Employed ratio of select Banks was (12.602). The highest (16.985) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (4.263). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (8.218), its standard deviation (2.781). Karur Vysya Bank stays first in Return on Capital Employed ratio.

Though Return on Capital employed ratio of KVB showed fluctuation level from 14-15 it shows the increasing trend. In the case of LVB Return on Capital employed ratio
showed an increasing trend from the year 13-14. While examining the return on capital employed ratio, the LVB stands in the second position. Even though the capital employed of LVB is in an increasing trend during the study period, compared to KVB the long-term funds invested by LVB is comparatively less (only 1/4th of KVB) and hence it is suggested that to get more return, LVB has to mobilize more long-term funds for their banking business and this would lead to a hike in the ratio and it will help LVB to become more efficient in the use of the capital employed. It can be concluded that the efficiency in use of shareholders fund is good with KVB than LVB.

8. Return on Asset Ratio Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage.

The average Return on Asset ratio of select Banks was (9.778). The highest (9.832) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.921). The Lakshmi Vilas Bank (LVB) stand in second position its mean value is (9.723), its standard deviation (0.880). Karur Vysya Bank stands first and shows the highest value in Return on Asset ratio of both KVB and LVB are nearly same. They have earned 10 per cent on assets as return. Hence it is suggested that the same strategy may be followed in the years to come.

9. Return on Investment Ratio Return on Investment, or ROI, is the most common profitability ratio. There are several ways to determine ROI, but the most frequently used method is to divide net profit by total assets. Return on investment ratio...
helps to know about the efficiency of the bank on usage of long term funds such as shareholders funds, creditors.

The average Return on Investment ratio of select Banks was (0.051). The highest (0.065) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.011). The Lakshmi Vilas Bank stand in second position its mean value is (0.037), its standard deviation (0.014). Karur Vysya Bank stands first, based on Return on Investment highest mean value.

In the case of KVB Return on Investment ratio decreased year by year and in the case of LVB it fluctuated but from the year 14-15 it started increasing. Though it has increasing trend, it is lower than KVB. The fluctuation trend is not advisable and has to maintain a positive approach on this.

10. Return on Equity Ratio Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

The average Return on Equity ratio of select Banks was (2.984). The highest (3.278) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.474). The Karur Vysya Bank stand in second position its mean value is (2.689), its standard deviation (0.435). Lakshmi Vilas Bank stands first in Return on Equity.

Return on equity has significance from the shareholders point of view. In the case of KVB, though return on equity ratio position shows adequacy it has fluctuate and decreased from the year 14-15.
In the case of LVB, the return on equity ratio shows adequacy position and it is also higher than the KVB. It has to improve its profitability.

11. **Leverage Ratio** Companies rely on a mixture of owners' equity and debt to finance their operations. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet financial obligations. Too much debt can be dangerous for a company and its investors. Uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions. If a company's operations can generate a higher rate of return than the interest rate on its loans, then the debt is helping to fuel growth in profits. A reluctance or inability to borrow may be a sign that operating margins are simply too tight.

The average Leverage ratio of select Banks was (0.932). The highest (0.926) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.010). The Karur Vysya Bank stand in second position its mean value is (0.938), its standard deviation (0.008). Lakshmi Vilas Bank stands first position in Leverage ratio when comparing to other select bank.

Generally leverage ratio shows the soundness of the bank here both KVB and LVB has high leverage ratio, which means it is a positive sign and also indicates more of creditors funds and lesser of shareholders funds in the total assets.

12. **Tangibility Ratio** The tangible common equity ratio (TCE) is a ratio used to determine how much loss a bank can take before shareholder equity is wiped out. The Tangible Common Equity (TCE) ratio is calculated by taking the value of the company's total equity and subtracting intangible assets, goodwill and preferred
stock equity and then dividing by the value of the company's tangible assets. Tangible assets are the company's total assets less goodwill and intangibles.

This ratio is a common indicator of bank risk and capitalization in the banking industry. Essentially, it helps banks determine how much they can take in losses before the shareholder equity falls to zero. Equity, in general, is the difference between a company’s assets and liabilities.

The average Tangibility ratio of select Banks was (0.839). The highest (0.951) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (0.299). The Karur Vysya Bank stand in second position its mean value is (0.727), its standard deviation (0.070). Lakshmi Vilas Bank shows the highest in Tangibility ratio among the select banks.

13. Profitability Ratio (USING TOTAL ASSET) Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings compared to its expenses and other relevant costs incurred during a specific period of time. For most of these ratios, having a higher value relative to a competitor's ratio or relative to the same ratio from a previous period indicates that the company is doing well.

The average Profitability ratio of select Banks was (0.073). The highest (0.074) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.006). The Lakshmi Vilas Bank stand in second position its mean value is (0.071), its standard deviation (0.009). Karur Vysya Bank has shows the highest mean value in the Profitability ratio.Profit ratio both the banks were low but when compared the profitability ratio between them KVB ratio is better than LVB.
14. **Dividend payout Ratio** The dividend payout ratio measures the percentage of net income that is distributed to shareholders in the form of dividends during the year. In other words, this ratio shows the portion of profits the company decides to keep funding operations and the portion of profits that is given to its shareholders.

The average Dividend Payout ratio of select Banks was (0.324). The highest (0.349) mean value among the select banks, Karur Vysya Bank stands first its standard deviation (0.053). The Lakshmi Vilas Bank stand in second position its mean value is (0.298), its standard deviation (0.066). Karur Vysya Bank stands first in Dividend Payout ratio.

Dividend payout ratio of both KVB and LVB are good.

15. **Taxation Ratio** This ratio is a measurement of a company's tax rate, which is calculated by comparing its income tax expense to its pretax income. This amount will often differ from the company's stated jurisdictional rate due to many accounting factors, including foreign exchange provisions. This effective tax rate gives a good understanding of the tax rate the company faces.

The average Taxation ratio of select Banks was (1.749). The highest (3.199) mean value among the select banks, Lakshmi Vilas Bank stands first its standard deviation (1.897). The Karur Vysya Bank stand in second position its mean value is (0.298), its standard deviation (0.212). Lakshmi Vilas Bank places the first position in the taxation ratio. LVB has paid the highest tax during study period. Hence both the study banks’ financial managers have to think about the tax shield measures so that attractive dividend may declare to its share holders.
6.2.1 GENERAL SUGGESTIONS

In the quest for new business opportunities and to widen the clientele base and reach out to new markets. The select banks have to expand further, the network of branches at important centers where business potential is high. Majority of the select sample banks shows down trend in capital structure ratio. The bank with the ton of debt will have very high debt equity ratio, while one with little debt will have a low debt equity ratio. Bank with lower debt equity ratios is less risky than those with higher. The firm may consider using an optimal capital structure. The optimal capital structure includes debt, but not 100 per cent debt. It is a best debt equity ratio for the firm, which in turn, will minimize the cost of capital. The debt asset ratio which represents the Non performing asset, the select banks has to reduce further the Non-performing asset in order to strengthen its financial proficiency. It was noted that gearing is the inverse ratio to the equity share capital, it was found that Lakshmi Vilas Bank shows the high geared which results in low equity share capital, it can motivated by low geared then the select bank may increase the equity share capital. The select banks profitability shows the efficiency and performance also in generating return of its shareholder. Karur Vysya bank shows a high level of net profit and operating profit ratio, which indicates that bank are making reasonable profit, but at the same time Lakshmi Vilas bank has to keep the consistent profitability.

The Return on Capital Employed shows that how much profit in each rupee of employed capital generates. Obviously, Karur Vysya Bank is with high ratio, which indicates they are in a more favorable situation. On the other hand, Lakshmi Vilas Bank’s management may always consider its competitor’s assets when comparing the
profit, because fewer assets will have higher values of return on capital employed. The select banks have to be alive to sweep changes that are taking place in the technological front. Even though the select banks are fully computerized, but still they have to 100 percent computerized with advance packages and applications may be made within a year.

6.3 CONCLUSION

A study of capital structure is very much needed in the present competitive globalised economic environment. Proper analysis of capital structure and financial performance helps the firms to increase their earning capacity, change the retained earnings process and modify various turnover ratios. This study is carried out for analysing structural and financial performance of Karur Vysya Bank Limited (KVB) and The Lakshmi Vilas Bank Limited (LVB), which are engaged in banking industry. Good consistency and stability are noticed in the functioning of these two study units and if trade cycles are handled well, management of these banks will grow to the highest levels within a very short span of time. Further, an indepth analysis and hypotheses results of the study also indicate that there is no significant difference in capital structure aspects of KVB and LVB during the study period, which shows that both the firms are identical in terms of capital structure and financial performance aspects in general. Since both the banks are private and for every of their development is highly rely on their own if they adopt this capital structure. On the other hand, if they changed their attitude towards borrowers’ funds contribution in their capital structure with a view to enjoy the real leverage benefit taste, so that they can expand their activity more extensively and they can give hectic competition to giant private banks, nationalized banks and foreign banks
operating in India. Hence, it is concluded that, in order to tackle the national competition and global challenges without much strain in the future, the present financial management policies are to be reviewed.

6.4 SCOPE FOR FUTURE RESEARCH

This study has confined to the financial planning consisting of capital structure and profitability alone of a two private commercial banks whose registered office located in Karur Town of Tamilnadu, namely, Karur Vysya Bank Limited and The Lakshmi Vilas Bank Limited and a gap kept other financial areas like working capital management, cost of capital etc. And profitability depends on not only financial factors but also many factors including operational efficiency. So the future researcher may fill the gaps of the other part of financial areas as well as other factors. Further, the study has been undertaken only with two private commercial banks. The future researchers may fill the total private banks which are all having their registered office in Tamilnadu as well as at the all India level may be referred for comparison. Moreover the profitability improvement based on factors other than capital structure may also be studied in future, and wide scope to look into the other managerial aspects connected to profitability. The promising future researchers may also focused on the intra comparative study of capital structure management aspects of various years with a view to improve the performance of their business.