

AN EMPIRICAL STUDY OF PROFITABILITY ANALYSIS OF SELECTED STEEL COMPANIES IN INDIA

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ABSTRACT

India is among the top producers of all forms of steel in the world. Easy availability of low cost manpower and preference of abundant referrers make India competitive in the global set up. Finance is needed for day to day operation. I can be considered as a life blood for business. Profitability is the profit earning capacity which is a crucial factor contributing for the survival of the firms. The profitability level should maintain at increasing level in order to overcome this problem. The data is purely based on secondary Profitability position is major determined by the direct and indirect expenses and two way ANOVAs of ROI of selected steel company was, there is a significant different on the selected steel company viz, they are maintaining different level of returns on their investment and correlation of sail to tata of Net Profit and bhushan to jsw of OP was positive it tells, they are maintaining similar level in the Net Profit a of sail to tata and jsw to bhushan of OP. finally tata, sail has got better first better performer in the area of earning power. Bhushan and jsw have got second better performer in the area of overall earning power. Visa's financial position has a negative result of the study period. It is the drawback to get lost position in their analysis.

KEYWORDS: Gross profit, Mean, Return on Investment Ratio, Net profit, ANOVAs, Creditors, Sales.

1. INTRODUCTION

Profitability (P) is the profit earning capacity which is a crucial factor contributing to the survival of the firms. The perpetual existence of the firms depends on the profit earning capacity of the firm, which is also considered to be the main factor in influencing the reputation of the firm. The borrowing capacity of the firm is also determined by Profit. Thus, it is considered as the main factor in determining the capital structure of the firm. Profit consists of two words, profit and ability. Therefore, it is necessary to differentiate between profit and profitability at this juncture. Profit, from the accounting point of view, is arrived at by deducting from the total revenue of an enterprise all amount expended in earning that income whereas profitability can be measured in terms of profit shown as a percentage of sales known as profit margin.

ACCOUNTING TOOLS AND TECHNIQUES USED

RATIO ANALYSIS

The general profitability ratios are as follows:

- Gross Profit (GP) Ratio
- Net Profit (NP)Ratio
- Operating Profit (OP) Ratio.
- Operating Expenses (OE) Ratio.
- Operating Ratio.

2. STATEMENT OF THE PROBLEM

The primary objective of a business undertaking is to earn profits. Profit earning is considered essential for the survival of the business. A business needs profits not only for its existence, but also for expansion and diversification the investors want an adequate return on their investment as well as workers, creditors. And a business enterprise can discharge its obligation to various segments of the society only through earning of profit.

3. OBJECTIVES OT THE STUDY

- To ascertain the overall earnings performance of selected steel companies in India
- To evaluate the profitability related to sales of selected steel companies.
- To analyze the profitability related to equity share of selected steel companies.

4. METHODOLOGY TO STUDY

For this Evaluation of Empirical analysis, Data has been collected from the official website of NSE and selected Steel company's financial reports. The Steel Companies which satisfied the following criteria have been short listed for further research.

- Share holders population should be greater then 6,000
- Availability of data for at least for the period of 6 years
- Total CA, Loans & Advances more than 100 cr.
- Total debt is more than 100 cr.

COMPANIES THAT MEET THE ABOVE CONDITIONS ARE

- SAIL
- Tata steel
- Bhushan steel
- Visa steel
- JSW steel

STATISTICAL TOOLS USED

- **MEAN, STANDARD DEVIATION, AND COEFFICIENT OF VARIATIONS:** used to find out the average position of accounting ratios related to Profitability analysis.
- **ANOVA:** To test that companies belong to the same industry whether following different level Profitability of position during the study period.

CORRELATION ANALYSIS: used for to identify the relationship between short term Profitability analyses of the companies.

5. REVIEW OF THE LITERATURE

Dr. S.K. khartik titto Varghese, (2011) they found the profitability more or less depends upon the better utilization of resources and to manpower. It is worthwhile to increase production capacity and use advance technology to cut down cost of production and wage cost in order to increase profitability, not only against the investment, but also for investor's return points of view.

Eljelly (2004) elucidate, that efficient liquidity management involves planning and controlling current assets and current liabilities in such a manner that eliminates the risk of inability to meet due short-term obligations and avoids excessive investment in these assets. The study found that the cash conversion cycle was of more importance as a measure of liquidity than the current ratio that affects profitability.

Vijayakumar and Venkatachalan (2003) In their study indicated a moderate trend in the financial position and the utilization of working capital, variations in working capital size should be avoided attempts should also be made to use funds more effectively, by keeping an optimum level of working capital. Because, keeping more current assets cause a reduction in profitability. Hence, efforts should be made to ensure a positive trend in the estimation and maintenance of the working capital.

Shine and Soemen (1998) found that there is a strong negative relation between the cash conversion cycle and corporate profitability for a large sample of listed American companies for the 1975-1994 periods.

Saravanan (2001) made a study on working capital management in ten selected non-banking financial companies. For this study the employed several statistical tools on different ratio is to examine the effective management of working capital.

Marc Deloof (2003) stated that the companies have large amount of cash invested in working capital. It can therefore be expected that the way in which working capital is managed will have a significant impact on the profitability of companies.

This a significant negative relation between gross operating income and the number of days accounts receivable, inventories and accounts payable of Belgian firm.

Asha (1987) of reserve bank of India had worked out the required norms and techniques for evaluating the performance of public sectors banks. She has reinvented the different techniques adopted by different agencies and criteria for evaluating the banking performance. The empirical findings of her study shows a positive trend in terms of opening new branches deposits mobilization and advances over a period.

Asha Sharma and R.B. Sharma2011, These attempts identify and study the movement of key financial parameters and their relationship with profitability of textile industry. It is an attempt to and the study whether the key identified parameters move in a synchronous way going up and coming down with basic profitability parameters. All three comparably profit-making companies have been taken as the sample for the study for the period of 2006to2010.

Aubry lyimo, Dr.Reubenj.L mwamakimullah kiko F.S.Hamza, (2010) they found costs resulting from poles being rejected, reworked or down-graded were the highest at the study mill. The cost of quality were so high and as a result they negatively affect the financial performance of the mill.-cost of quality and its effect on company's profitability, the amount accrued from costs of quality was too high to reject the null hypothesis which claimed that costs of quality impacts negatively the profitability of the company. (P.value-0.4582)

6. DATA ANALYSIS AND INTERPRETATION

PROFITABILITY RATIOS

(1)GROSS PROFIT RATIO

TABLE NO: 1 MEAN, S.D, C.V OF GROSS PROFIT RATIO FOR SELECT STEEL COMPANIES

Company/year	SAIL	TATA	BHUSHAN	VISA	JSW
2010-2011	35.25	52.70	27.30	16.06	23.58
2009-2010	43.72	51.24	23.85	22.44	29.93
2008-2009	36.80	51.05	27.91	14.77	26.79

2007-2008	48.50	55.44	17.81	9.11	36.28
2006-2007	44.13	52.14	17.50	19.72	43.47
2005-2006	36.78	52.87	19.73	13.92	34.34
MEAN	40.86	52.57	22.35	16.00	32.40
S.D	4.89	1.567	3.772	4.27	6.53
C.V	11.96	2.98	16.87	26.66	20.15
VARIANCE	23.91	2.55	14.227	18.20	42.64

Source: Secondary Data

INTERPRETATION

The above table shows that the Mean, CV and SD values to GP ratio of selected steel company, highest mean value of 52.57 was observed to GP ratio of tata and lowest mean value of 16.00 for GP ratio of visa and other selected steel companies are maintaining moderate levels in GP ratio, sail-40.86, bhushan-22.35, jsw-32.40, respectively. And highest variability of 6.53 was observed in GP of jsw steel, which means a higher degree of variability and lowest variability of 1.56 was observed in GP of tata, which means a lower degree of variability. The CV of GP of visa was the highest with 26.66 and the lowest variability of 2.98 in the GP of tata.

(2) NET PROFIT RATIO

TABLE: 2 MEAN, S.D, C.V OF NET PROFIT RATIO FOR SELECT STEEL COMPANIES

Company/year	SAIL	TATA	BHUSHAN	VISA	JSW
2010-2011	11.53	23.42	14.47	3.96	8.70
2009-2010	16.63	20.23	15.05	4.10	11.13
2008-2009	14.09	21.36	8.45	-6.41	3.27
2007-2008	18.86	23.84	10.13	6.40	15.17
2006-2007	18.06	24.19	8.17	3.85	15.03
2005-2006	14.23	23.17	5.52	3.25	14.19
MEAN	15.56	22.70	10.29	2.52	11.25

S.D	2.57	1.45	3.46	4.12	4.25
C.V	16.51	6.38	33.62	163.02	37.82
VARIANCE	6.60	2.10	11.97	16.95	18.10

Source: Secondary Data

INTERPRETATION

The above table inferred that the Mean, CV, and SD value to NP ratio of selected steel companies, the highest mean value is 22.70 for tata and the lowest mean value of NP is 2.525 for visa, remaining company are maintaining moderate level, sail-15.56, bhushan-10.29, jsw-11.248, respectively. The highest variability of 4.25 was observed in NP of jsw, which means a higher degree of variability and lowest variability of 1.45 was observed in NP of sail. The CV of NP of visa was highest with 163.02 and the lowest variability of 6.38 in NP of tata steel.

(3) OPERATING PROFIT RATIO

TABLE: 3 MEAN, S.D, C.V OF OPERATING PROFIT RATIO FOR SELECT STEEL COMPANIES

Company/year	SAIL	TATA	BHUSHAN	VISA	JSW
2010-2011	16.37	38.11	29.24	15.41	20.08
2009-2010	22.69	35.70	25.84	17.25	33.52
2008-2009	20.41	37.68	21.93	8.84	20.42
2007-2008	28.19	41.94	19.98	15.45	29.46
2006-2007	28.09	39.61	16.40	8.85	32.79
2005-2006	23.24	38.88	14.18	9.80	27.79
MEAN	23.16	38.65	21.26	12.60	27.34
S.D	4.15	1.97	5.18	3.50	5.39
C.V	17.92	5.09	24.36	27.77	19.71
VARIANCE	17.23	3.88	26.83	12.25	29.05

Source: Secondary Data

INTERPRETATION

The above Table shows that the Mean, CV and SD values to OP ratio of selected steel the highest mean value of 38.65 was observed to OP ratio of tata and lowest mean value of 12.60 for OP ratio of visa and other selected steel companies are maintaining middle level sail-23.165, bhushan-21.26, jsw-27.34, respectively. Highest variability of 5.39 was observed in OP ratio of jsw steel, which means, a higher degree of variability and the lower of 1.97 was observed tata steel. The CV of visa was the highest with 27.77 and lowest variability of 5.09 in OP ratio of tata steel.

(4) OPERATING EXPENSES RATIO

TABLE: 4 MEAN, S.D, C.V OF OPERATING EXPENSES RATIO FOR SELECT STEEL COMPANIES

Company/year	SAIL	TATA	BHUSHAN	VISA	JSW
2010-2011	4.53	1.71	3.85	2.79	3.55
2009-2010	4.32	1.67	3.63	2.72	3.98
2008-2009	3.88	1.64	3.59	3.32	5.12
2007-2008	4.32	1.26	2.48	2.12	5.61
2006-2007	4.66	1.40	2.90	2.99	6.66
2005-2006	5.74	1.69	2.43	6.42	5.52
MEAN	4.58	1.56	3.15	3.39	5.07
S.D	0.54	0.17	0.57	1.40	1.05
C.V	11.77	11.06	16.59	41.29	20.61
VARIANCE	0.29	0.02	0.32	1.96	1.10

Source: Secondary Data

INTERPRETATION

The above table show that the Mean, CV, and SD value to OE ratio of selected steel company. The highest mean value of 5.073 was observed to OE ratio of jsw and lowest mean value of 1.562 for OE ratio of tata and other selected steel companies are maintaining moderate level sail-4.58, bhushan-3.147, and visa-3.393, respectively. The highest variability of 1.40 was observed in OE of visa which means higher degree of variability and the lowest variability of 0.17 was

observed in OE of tata. The CV of OE of visa was the highest with 41.29 and the lowest variability of 11.56 in OE ratio of tata.

(5) OPERATING RATIO

TABLE: 5 MEAN, S.D, C.V OF OPERATING RATIO FOR SELECT STEEL COMPANIES

Company/year	SAIL	TATA	BHUSHAN	VISA	JSW
2010-2011	69.27	49.00	76.54	86.72	79.97
2009-2010	60.59	50.43	79.78	80.27	74.06
2008-2009	67.70	50.59	75.68	88.54	78.32
2007-2008	55.81	45.81	84.61	93.02	69.32
2006-2007	60.53	49.25	85.39	83.26	63.18
2005-2006	68.96	48.81	82.70	92.50	71.19
MEAN	63.81	48.98	80.78	87.39	72.67
S.D	5.11	1.62	3.83	4.61	5.68
C.V	8.01	3.32	4.74	5.27	7.82
VARIANCE	26.10	2.63	14.66	21.25	32.26

Source: Secondary Data

INTERPRETATION

The table shows that the Mean, SD and CV values of operating ratio to selected steel companies in India, and the highest mean value of 87.385 was observed to OR of visa and lowest mean value of 48.98 for OR of tata and other selected steel companies are maintaining moderate level, sail-63.81, bhushan-80.78, and jsw-72.67, respectively. The highest variability of 5.68 was observed in OR of jsw and the lowest variability of 1.62 was observed in OR of tata, which means, lower degree of variability. The CV of OR of sail was the highest with 8.01 and the lower variability of 3.315 in OR of tata.

SIGNIFICANCE OF COEFFICIENT OF CORRELATION 'R' AND STUDENT'S'-TEST

Coefficient of correlation (r) is a mathematical method of measuring correlation. It gives the degree of relationship between two variables. The value of r lies between +1 and -1 when $r=1$,

mean perfect positive correlation, $r = -1$ means perfect negative correlation = 0 means no relationship between the variable. R can be calculated as:

$$R = \frac{r \sqrt{n-2}}{\sqrt{1-r^2}}$$

r= coefficient of correlation

n = No of observation

SET OF HYPOTHESIS

Ho: there is no correlation in the NP ratio of sail to tata and bhushan to jsw, and the OP ratio of sail to tata and bhushan to jsw.

Ho: there is correlation in the NP ratio of sail to tata and bhushan to jsw, and the OP ratio of sail to tata and bhushan to jsw.

TABLE NO: 6 SIGNIFICANCE OF COEFFICIENT OF CORRELATION ‘R’ AND STUDENT’S’-TEST

particular	NP ratio	NP ratio	OP ratio	OP ratio
	Sail to Tata	Bhushan to jsw	Sail to Tata	Bhushan to jsw
Correlation	0.56	-0.12	0.64	-0.394
Calculated value of t test	1.35	-0.24	1.66	-0.67
Table value of t test	2.57	2.57	2.57	2.57
Significant	No correlation (H1 is accepted)	No correlation (H1 is accepted)	No correlation (H1 is accepted)	No correlation (H1 is accepted)
Level	5%	5%	5%	5%

Sources: Secondary Data

INTERPRETATION

The table indicates the correlation and student's 't' test value to sail, tata, bhushan and jsj steel companies in India. The highest positive correlation of 0.64 is between operating profit of sail and tata and least positive correlation of 0.56 is observed between NP ratio of sail and tata.

The highest negative correlation of -0.394 between operating profit ratio of bhushan and jsj and least negative correlation of -0.12 is observed between NP ratio of bhushan and jsj. When students' 't' test was applied at 5% of significant level, calculated value was less than table value for sail to NP ratio of sail to tata, bhushan to jsj and sail to tata, bhushan to jsj OP ratio, i.e., alternative hypothesis was accepted.

RETURN ON INVESTMENT RATIO OF SELECTED STEEL COMPANIES IN INDIA

CHART NO: 1 RETURN ON INVESTMENT RATIO OF SELECTED STEEL COMPANIES IN INDIA

Year/com	SAIL	TATA	BHUSHAN	VISA	JSW	TOTAL
2011	21	19	10	36	24	110
2010	32	19	12	33	30	126
2009	43	20	10	-3	15	85
2008	76	23	15	23	25	162
2007	83	42	19	11	44	199
2006	84	70	17	15	36	222
TOTAL	339	193	83	115	174	904

Sources: Secondary Data

TWO WAY ANOVA FOR RETURN ON INVESTMENT OF SELECTED STEEL COMPANIES IN INDIA

Set of hypothesis H₀: there is a significant difference on the ROI of selected steel companies in India. H₁: there is no a significant difference on the ROI of selected steel companies in India.

**CHART NO: 2 TWO WAY ANOVA TABLE FOR RETURN ON INVESTMENT OF
SELECTED STEEL IN INDIA**

Sources of variance	Sum of square	Degree of freedom	Mean square	F – ratio
Between column	SSC = 6519	$R1 = c - 1 = 4$	MSC = 1630	FC = 9.15
Between row	SSR = 2825	$R2 = r - 1 = 5$	MSR = 565	FR = 3.174
Residual	SSE = 3551	$R3 = r1xr2 = 20$	MSE = 178	
Total	12895	29	2373	

Sources: Secondary Data

INTERPRETATION

DECISION RULE: Decision (a) the computed value of $FC = 9.15 >$ the table value of F at significant level = 0.05 and for 4 and 20 degree of freedom = $F_{0.05}(4, 20) = 2.87$ = the null hypothesis is rejected = H_1 is accepted i.e., there is no significant difference on the ROI of SAIL, TATA, BHUSHAN, VISA, and JSW. Decision (b) since $FR = 3.174 >$ table value of f at significant level = 0.05 and for 5 and 20 degree of freedom = $F_{0.05}(5, 20) = 2.71$ i.e., H_0 is rejected and H_1 is accepted = there is no significant different on the ROI of SAIL, TATA, BHUSHAN, JSW and VISA. The above table clearly shows they are maintaining different level of return in their investment.

**GROWTH RATE OF SELECTED STEEL COMPANIES IN INDIA: AS ON
2006 TO 2011****CHART NO: 3 GROWTH RATE OF SELECTED STEEL COMPANIES IN INDIA:
AS ON 2006 TO 2011**

Variable/company	SAIL	TATA	BHUSHAN	VISA	JSW
GP	44.57	93.06	243.78	290.04	160.30
NP	22.22	95.80	550.75	311.69	132.63
OP	6.24	89.83	412.53	431.53	173.95
EBIT	20.16	105.41	400.96	498.80	135.60
SALES	50.82	93.67	148.52	237.98	279.14
EXPENSES	51.51	94.42	130.02	216.88	325.92

MP	103.78	30.88	108.78	-15.90	202.70
EPS	22.12	12.99	26.45	313.27	66.79
BV	193.38	194.16	27.31	19.31	183.29
CE	390.37	660.11	746.08	151.92	248.97
DP	20.60	-7.62	-80	0	53.31
TA	238.68	456.81	667.68	272.93	293.26

Sources: Secondary Data

CHART NO: 4 ANNUAL GROWTH RATES OF SELECTED STEEL COMPANIES IN INDIA AS ON 2006-2011

Variable/company	SAIL	TATA	BHUSHAN	VISA	JSW
GP	7.43	15.51	40.63	48.34	26.72
NP	3.70	15.96	91.76	51.94	22.11
OP	1.04	14.98	68.74	71.92	28.99
EBIT	3.36	17.56	66.82	83.13	22.60
SALES	8.47	15.61	24.75	39.66	46.52
EXPENSES	8.58	15.74	21.64	34.14	54.32
MP	17.29	5.14	18.13	-2.65	33.78
EPS	3.68	2.165	4.408	52.21	11.13
BV	32.23	32.36	4.55	3.22	30.548
CE	65.06	110.01	124.34	25.32	41.49
DP	3.43	-1.27	-13.33	0	8.88
TA	39.78	76.13	111.28	45.40	48.88

Sources: Secondary Data

INTERPRETATION

The table shows, growth rate of selected steel companies in India to the various ratio analyses. Visa has achieved fast growth rate past six years among the selected steel company and high annual growth rate of 48.34%. The lowest growth rate of 51.51 in expenses was achieved by tata. The growth rate of sail in profit was low. And bhushan has achieved highest growth in NP (550.75%), jsw cannot able to maintain lowest expenses growth rate compared with other selected steel companies it will lead to create some financial crisis in future.

7. FINDINGS FROM THE STUDY

- GP ratio of selected steel companies was positive and showed both decreasing and increasing trend throughout the study period. Among the selected steel company it was found that the GP ratio was sound of tata and sail. An average GP ratio of 52.57% and 40.86 respectively it indicates that the company was able to control the direct expenses of the business because the major impact of GP is direct expenses.
- Operating profit ratio of the selected steel company are good because the highest average ratio among the selected steel company of 24.60% is much above the normal rate or the bank rate. The highest operating profit was earned by tata steel (38.65). Decrease in indirect expense and increase in sales is responsible for higher operating profit ratio. The rate of decrease expenses was higher compared to increase in sales, which is a sign of good operational efficiency.
- Visa's NP ratio is not satisfactory for the business, because its average of 2.52% is not worthwhile for the organization the NP ratio of tata of 22.70% is indicated the better performance. The increase in production cost had a major impact on the NP ratio of the company the NP position of selected steel company were found good except visa steel company, due to proper controlled on indirect expenses like power and fuel, repair and maintenance etc.,
- The operating expenses ratio of selected steel companies in India are good, because operating expenses ratio of mean range from 1.56% to 5.07% only to sales hereafter found that the tata's operating expenses was the lower at 1.56% only to sales. It indicates, the company was able to control the administration and selling expenses.
- Jsw's operating expenses ratio is satisfactory. However, they may give attention to control the selling and administration expenses.
- An average operating ratio of tata is 48.98%. it indicates the very good operational efficiency because they are only achieve the low rate of expenses to get more profit, expenses like, cost of goods sold plus operating while compared with sample company.
- Visa's average operating ratio of 87.39% is not satisfactory compared with other steel company because they achieve highest rate of expenses the sales.
- The overall return on assets of selected steel company was sound except visa steel company.

- The findings from the ANOVAs test is that, decision (a) the computed value of $F_c=9.15 >$ the table value of F at significant = 0.05 and for 4 and 20 degree of freedom = $F_{0.05}(4, 20) = 2.80$ = the null hypothesis is rejected = H_1 is accepted i.e., there is no significant difference in the ROI of sail, tata, bhushan, visa and jsw. Decision (b) since F_r at significant and for 5 and 20 7degree of freedom = $F_{0.05}(5, 20) = 2.71$ i.e., H_0 is rejected and H_1 is accepted i.e., there is no significant different in ROI of sail, tata, bhushan, visa, jsw. They are maintaining different levels in return on investment.
- Jsw has maintained lowest profitability (132.63) position with highest growth in expenses (325.92) found from the growth rate analyses. If the company cannot give concentration to this statement in future. The company will become financial crisis. And sail has maintained moderate level in the profitability, return from investment and expenses. It is the better position to sustain in market. And also it may focus on cutoff growth rate of expense.

• THE FINDINGS FROM CORRELATION ANALYSIS AND ARE AS FOLLOWS

Correlation between NP ratios of sail to tata, operating profit ratio of sail to tata was positive, it shows a positive correlation thereby found that they are maintaining similar level of NP and OP ratio. Highest correlation of 0.64 was observed between operating profit ratio of sail to tata, which is sign of good degree of relation between sail and tata. Low positive correlation of 0.56 was observed between NP of sail and tata. Negative correlation of -0.12,-0.394 was observed between NP ratio of bhushan & jsw. And OP of bhushan & jsw thereby found that, they are maintaining different level of net profit and operating profit.

• THE FINDINGS FROM STUDENT'S 'T' – TEST ARE FOLLOWS

Student's t test at 5% significant level showed significance in NP of sail to tata and bhushan to jsw and operating profit of sail to tata and bhushan to jsw.

The calculated value of t in NP ratio of sail to tata was 1.35 which is less than table value of 2.57. Hence null hypothesis accepted i.e., no relation between NP ratio of sail and tata.

The calculated value of t in NP ratio of bhushan to jsw was -0.24 which is less than table value of 2.57. Hence null hypothesis accepted i.e., no relation between NP ratio of sail and tata.

The calculated value of t in OP ratio of sail to tata was 1.66 which is less than table value of 2.57. Hence null hypothesis accepted i.e., no relation between OP ratio of sail and tata

The calculated value of t in OP ratio bhushan to jsw was -0.394 which is less than table value of 2.57. Hence null hypothesis accepted i.e., no relation between OP ratio of bhushan and jsw.

8. SUGGESTION AND RECOMMENDATION

- JSW may give attention in the area of direct expenses as well as indirect expenses to reduction it. Because effective and efficiency performance of company can be measured

in terms of profitability. Expenses are the major direct impact on the profitability of every enterprise.

- TATA steel company may sustain their market share and goodwill due to cutthroat competition and arrivals of new entry in the steel industries and also the reason to increase in input cost. They have better financial performances are compared with sample, so give attention to it.
- SAIL may give concentration to make optimum utilization of available resources. Because it has passed high level financial assistance but it fails to make more earnings compared with TATA. But the TATA has lowest financial position compared with sail however it can earn more profit or achieve high profit volume.
- BHUSHAN and VISA has achieved fastest growth rate past six years, while compared with SAIL, TATA and JSW, and they also give importance to enhance the earning power with help of growth rate.
- JSW's growth rate of earning profit is low with increase growth rate of expenses so they will give concentration to cut off expenses like direct and indirect expenses.

9. CONCLUSION

After the analysis of various data, related to selected steel companies in India founded in theoretical statement, it clear that profitability more or less depends upon the better utilization of resources, cutoff expenses and quality of management function in the products, customer services and to manpower and goodwill and market share. It is worthwhile to increase production capacity and use advance technology to cut down cost of production and wage cost in order to increase profitability, not only against the investment, but also for investor's return point of view. These programs are helpful to increase profitability of selected steel companies in India in future prospects. If the management or government does not look into it seriously, it can result in loss of jobs and the company will become a sick unit. And founded in numerical statement, the correlation of sail to tata (0.56) of NP and sail to tata 0.64 of OP ratio was positive. It shows they are maintained similar level in NP and OP ratio and negative correlation was observed among bhushan to jsw (-0.12) of NP ratio and bhushan to jsw of (-0.394) OP ratio conclude by 't' test, there is no correlation among sail to tata and bhushan to jsw of NP ratio and sail to tata and sail to tata and bhushan to jsw of OP ratio and in ANOVA test, there is no significant difference in the ROI of sail, tata, bhushan, visa, & jsw.

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