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Financial performance of selected BSE/NSE listed hotel industries in India

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Abstract

The aim of this research is identifying financial performance of Indian hotel industries in India. The study reveals that hotels in India still focus on the use of financial measures as compared to non-financial measures for measuring performance. The study supports the link between hotel performance and BSC measures usage. The expansion of tourism inevitably brings about the development of the hotel industry. Hotels must create effective competitive strategies for survival and use a performance measurement system that meets the requirements of a changing environment. Several studies have been conducted to study the rich tourist potential of the state. However, no research studies are available regarding performance measurement practices adopted by hospitality managers in India for measuring the performance of their establishments. Findings suggest that financial practices are adopted by all star category hotel and these are also contributing in increasing business performance.

Keywords: Hotel performance, financial management, operations and management practices issues

1. Introduction

One of the fastest growing sectors of the economy of our time is the hotel industry. The hotel industry alone is a multi-billion dollar and growing enterprise. It is exciting, never boring and offer unlimited opportunities. The hotel industry is diverse enough for people to work in different areas of interest and still be employed within the hotel industry. This trend is not just in India, but also globally. Modern hotels provide refined services to their guests. The customers always right. This principle necessitated application of management principles in the hotel industry and the hotel professionals realized the instrumentality of marketing principles in managing the hotel industry. This naturally draws our attention on hotel management. Like other industries, the hotel industry also needs to explore avenues for innovation, so that a fair blending of core and peripheral services is made possible. It is not to be forgotten that the leading hotel companies of the world have been intensifying research to enrich their peripheral services with the motto of adding additional attractions to their service mix. The emerging positive trend in the tourism industry indicates that hotel industry is like a reservoir from where the foreign exchange flows and it is mandatory to analyse how they are managing their financial aspects in the dynamically changing global environment. The present work focuses on the selected financial parameters and performance of selected BSE/NSE listed hotels in India

Statement of the Problem:

Tourism and hospitality industry may help underdeveloped or developing countries more in resolving their various problems as this industry today has emerged as one of the fastest growing industries in terms of capital invested, foreign exchange earnings and providing jobs. In India, it is considered as highly labour intensive industry, where the employment-investment ratio is higher than any other industry. One of India's biggest problems is to find ways to employ its ever growing population. Travel and tourism directly creates employment opportunities in hotels, restaurant, airlines, travel agencies, passenger ships and as a result of the spread effect creates jobs in industries like construction, telecommunication, manufacturing and the retail trader.

According to Ministry of Tourism, an investment of Rupees one million in the hotel and restaurant sector may create 89 jobs as against 44 jobs in agriculture sector and 12.5 jobs in the manufacturing sector. Investment required to create one job in manufacturing sector is around Rs. 79,000 where as in hospitality industry it is only Rs. 11,200. At present about

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20 million persons are directly or indirectly employed in tourism related industry and this figure is likely to increase to 40 million by 2020. It amply proves the job potential of hospitality industry in India.

The analysis of Performance Efficiency of Indian Hotel Industry is the measurements of the efficiency of the hotels for managing its assets and improves their sales. In the dynamic global economy, the major problem with the hotel industries is Asset management and profit maximization. The hotel industries should concentrate on various expenses and how it affects the profitability of the business? The ever changing downward and fluctuated trend and fluctuations in assets and sales. It shows that this industry has failed to utilize the assets in an efficient manner for improving their sales. There is a high fluctuation in working capital also and hence, they may require additional funds to support their financial structure. Therefore it is of great significance to study financial performance of selected hotel industries in India.

In this context, the following questions arise:

1. What is the annual growth rate of selected hotel industries?
2. What will be the forecast of various financial parameters of selected hotel industries?
3. What are the factor that influences the profitability of selected hotel industries?

Objectives of the Study

Based on the above problems the following objectives are framed by the researcher to conduct the study:

1. To examine the growth of selected hotel industries through the selected profitability ratios.
2. To forecast the trend of selected hotel industries in India.

Hypotheses of the Study

In tune with the objectives of the study the following hypotheses have been framed.

1. There is no significant difference between actual and trend values of selected hotel industries.
2. There is no significant difference between return on total asset and financial variables of selected hotel industries.

Significance of the Study

The study is significant for the fact that it is carried out to find the determinants of profitability of the BSE/NSE selected hotel industries in India. The study will be able shed light on the growth of the hotel industries. Since the hotel industries are vital for the growth of the Indian economy, it is important to study the financial analysis of selected hotel industries.

Scope of the Study:

The scope of the study is wide in nature. It covers the selected BSE/NSE selected hotel industries in India, which are listed in the Bombay Stock Exchange as of March 2014 and had data for the entire period of study.

Methodology

Sampling Design

The stratified random sampling method has been employed in the study, according to the prowess corporate database developed by CMIE, (Centre for Monitoring Indian

Economy) there are 30 BSE and 15NSE listed hotels located in India, Out of which 10 hotels are listed in BSE/NSE taken for the study based on their Net sales. The selected hotels are as follows.

Name of the Hotel	Netsales - Rs in crore
Indian Hotels	1,929.51
EIH	1,133.50
Mahindra Holida	777.52
Hotel Leela	653.86
India Tourism D	410.03
Country Club	314.52
Oriental Hotels	297.66
Taj GVK Hotels	243.85
Speciality Rest	226.92
EIH Assoc Hotel	216.03

Data Collection

The data for the study have been obtained from secondary sources. The study has mainly relied on published annual reports of selected BSE/NSE listed hotel industries in India.. The data have been collected from Centre for Monitoring Indian Economy (CMIE), Capital line plus and Prowess data base. Information has been collected from Annual survey of Industries, The stock exchange official directory, Centre for Industrial and Economic Research (CIER), Industrial data book, various websites, journals and periodicals on finance and industry were also reviewed.

Period of the Study

The period for this study covered 10 years from 2004-2005 to 2013-2014 and the essential data for this period have been collected from 10 companies. The financial year runs from 1st April to 31st March every year.

Frame Work of Analysis

To analyze the financial performance of the selected BSE/NSE listed hotel industries. The various accounting ratios and statistical techniques have been applied. Statistical techniques including arithmetic mean, regression analysis, ANOVA, Multiple regression analysis and correlation have been applied. To make the analysis and interpretations more vivid and accurate, the values of mean, Standard deviation, Coefficient of variation, growth rate have been computed from the ratios.

Tools Used in this Study:

- a) Compound Annual Growth Rate Analysis (CAGR)
- b) Linear Regression Analysis
- c) ANOVA
- d) Multiple Regression Analysis
- e) Correlation Analysis
- f) Factor Analysis.

Compound Annual Growth Rate Technique and Linear Trend Method

The general performance of the power generation and distribution companies can be analysed, more meaningfully and objectively for a given period of time, by comparing their growth patterns over a period of time rather than on a year-to-year basis. The best measure available for such an exercise is the compound growth rates or exponential growth rates. Since the growth curves for many of the variables were non-linear, the compound growth rates were estimated using the following equation.

Let,

$$Y_t = Y_0 (1 + r/100)^t$$

In the growth curve where Y_0 and Y_t are the initial and the t th period value of Y respectively and r is the compound growth rate.

Mean

Let x_{ij} be the i th independently drawn observation ($i=1, \dots, N$) on the j th random variable ($j=1, \dots, K$). These observations can be arranged into N column vectors, each with K entries, with the $K \times 1$ column vector giving the i th observations of all variables being denoted \mathbf{x}_i ($i=1, \dots, N$).

The **sample mean vector** $\bar{\mathbf{x}}$ is a column vector whose j th element \bar{x}_j is the average value of the N observations of the j th variable:

$$\bar{x}_j = \frac{1}{N} \sum_{i=1}^N x_{ij}, \quad j = 1, \dots, K.$$

Thus, the sample mean vector contains the average of the observations for each variable, and is written

$$\bar{\mathbf{x}} = \frac{1}{N} \sum_{i=1}^N \mathbf{x}_i.$$

Standard Deviation

The standard deviation (SD) (represented by the Greek letter sigma, σ) measures the amount of variation or dispersion from the average. A low standard deviation indicates that the data points tend to be very close to the mean (also called expected value); a high standard deviation indicates that the data points are spread out over a large range of values.

The standard deviation equation for a sample of a population:

$$s = \sqrt{\frac{\sum (x - \bar{x})^2}{N - 1}}$$

where,

s = the standard deviation

x = each value in the sample

\bar{x} = the mean of the values

N = the number of values (the sample size).

Covariance

Covariance is a measure of how much two random variables change together. If the greater values of one variable mainly correspond with the greater values of the other variable, and the same holds for the smaller values, i.e., the variables tend to show similar behavior, the covariance is positive. In the opposite case, when the greater values of one variable mainly correspond to the smaller values of the other, i.e., the variables tend to show opposite behavior, the covariance is negative. The sign of the covariance therefore shows the tendency in the linear relationship between the variables. The magnitude of the covariance is not easy to interpret. The normalized version of the covariance, the correlation coefficient, however, shows by its magnitude the strength of the linear relation.

The covariance between two jointly distributed real-valued random variables x and y with finite second moments is defined as

$$\sigma(x, y) = E[(x - E[x])(y - E[y])],$$

Linear Regression Analysis

Linear regression is an approach to modelling the relationship between a scalar dependent variable y and one or more explanatory variables denoted X . The case of one explanatory variable is called simple regression. More than one explanatory variable is multiple regressions. (This in turn should be distinguished from multivariate linear regression, where multiple correlated dependent variables are predicted rather than a single scalar variable.) In linear regression, data is modelled using linear predictor functions, and unknown model parameters are estimated from the data. Such models are called linear models. Most commonly, linear regression refers to a model in which the conditional mean of Y given the value of X is an affine function of X . Less commonly, linear regression could refer to a model in which the median, or some other quantile of the conditional distribution of Y given X is expressed as a linear function of X . Like all forms of regression analysis, linear regression focuses on the conditional probability distribution of y given X , rather than on the joint probability distribution of Y and X , which is the domain of multivariate analysis. Linear regression was the first type of regression analysis to be studied rigorously, and to be used extensively in practical applications. This models which depend linearly on their unknown parameters are easier to fit than models which are non-linearly related to their parameters and because the statistical properties of the resulting estimators are easier to determine.

ANOVA

The ANOVA technique is used when the data are classified on the basis of two factors.

Two various steps involved are as follows:

- i. Use the coding device, if the same simplifies the task.
- ii. Take the total of the values of individual items (or their coded values as the case may be) in all the samples and call it T .
- iii. Work out the correction factor as under:
Correction factor = $(T)^2/n$
- iv. Find out the square of all the item values (or their coded values as the case may be) one by one and then take its total. Subtract the correction factor from this total to obtain the sum of squares of deviations for total variance of total $SS = \sum x^2_{ij} - (T)^2/n$
- v. Take the total of different columns and then obtain the square of each column total and divide such squared value of each column by the number of items in the concerning columns and take the total of the result thus obtained. Finally, subtract the correction factor from this total to obtain the sum of squares of deviations for variance between column or (SS between columns).
- vi. Take the total of different rows and then obtain the square of each row total and divide such squared values of each row by the number of items in the corresponding row and take the total of the result obtained. Finally subtract the correction factor from this total to obtain the sum of squares of deviations for variance between rows (SS between rows).
- vii. Sum of squares of deviations for residual or error variance can be worked out by subtracting the result of the sum of (v)th and (vi)th steps from the result of (iv)th step stated above. In other words, Total SS - (SS between columns + SS between rows) = SS for residual or error variance.
- viii. Degrees of freedom (d.f) can be worked out as under:

d.f for total variance = $(c.r-1)$

d.f for variance between columns = $(c-1)$

d.f for variance between rows = $(r-1)$

d.f for residual variance = $(c-1)(r-1)$

where,

c = number of columns

r = number of rows.

Multiple Regression Analysis

Multiple Regression Analysis is a statistical process by which several independent variables are included to predict the dependent variables. It is a functional relationship between a dependent variable and more than one independent variable, where the effect of the independent variables on the dependent variables (profitability) is found out through analysis. This analysis has been applied by the current study in order to look out for a different combination of variables that explain the variations in the profitability. Multiple Regressions is applied, by taking the Return on Assets as the dependent variable and all other variables as independent variables. In this study, multiple regression analysis is used to measure the relationship between variables and to identify the factor influencing the profitability.

Correlation analysis

The correlation is one of the most common and most useful statistics. A correlation is a single number that describes the degree of relationship between two variables. The most familiar measure of dependence between two quantities is the Pearson product-moment correlation coefficient, or "Pearson's correlation." It is obtained by dividing the covariance of the two variables by the product of their standard deviations.

Factor analysis

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. The information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Computationally this technique is equivalent to low rank approximation of the matrix of observed variables. Factor analysis originated in psychometrics, and is used in behavioral sciences, social sciences, marketing, product management, operations research, and other applied sciences that deal with large quantities of data. Factor analysis is related to principal component analysis (PCA),. Latent variable models, including factor analysis, use regression modeling techniques to test hypotheses producing error terms. In the present study factor analysis is employed to group related financial variables of selected hotel industries.

Limitations of the Study:

Financial information collected for the present study is entirely secondary in nature. In such a case, the study carries all the limitations inherent with the secondary data and financial information.

(i)The study is restricted to selected hotel industries only for the period of 10 years.

(ii)While computing the various data for the purpose of present analysis, the approximation of decimal places leads to minor variations in ratios as well as percentage analysis and hence these are bound to exist in the present study.

Profitability Analysis of Selected BSE Listed Hotels in India

Introduction

The business firms are generally established with a view of earning profit from their business operations. But under different situation the object of the business firms may be changed to survival, growth and stability and so on. Business firms are to survive in dynamic and expanding environment. It has to go on expanding the scale of its operation on a regular and continuing basis by generating sufficient profit. Profits are the soul of the business without which it is lifeless. In fact, profits are useful intermediate beacon towards which a firm's capital should be directed. It is difficult for a business to breathe well without profit. It may be regarded as a mirror of the operating performance of the business activities. But in the real business environment of today, profit is thus, not the sole objective but one among the most important objectives, which normally guide and direct business operations.

The importance of profit in judging and directing business affairs has been recognized both by economic thinkers and accounting practitioners. According to economic thinkers, profits are the report card of the past, the incentive gold star for the future and also the stake for the new venture. Accountants ascertain profits, because profit index as they perceive, is not only a reliable measure of efficient performance in using productive resources. The ultimate test of any business enterprise is profit. Perhaps the most important reason for keeping accounts is that the information contained in them provides the means of measuring the progress of the business or "Testing its pulse"; and of indicating when and where remedial action, if necessary shall be taken.

These days' managements are giving top priority to increase the profits and maximise their shareholders' wealth. The efficiency of a management is measured in terms of profit generated by the business. It is sometimes said that higher profitability implies greater efficiency. Apart from the owners, the management of the company, and the creditors, both long-term and short-term, would be interested in the financial soundness of the firm. The management of a firm is generally eager to measure its operating efficiency of a firm and its ability to ensure adequate return to its shareholders depends ultimately on the profits earned. Moreover, profits provide money for repaying the debt used to finance the project and the resources for expansion. This chapter deals with the profitability analysis of selected BSE listed Hotels in India.

Concept of Profitability

In the era of economic development, the profit and the profitability are two different concepts. Although both of them are controversial, even then both are inter-related and mutually inter-dependent. Profit is the absolute term and profitability is a relative concept. Notably, while profit is the residue of income, profitability is the profit-making ability of the enterprise. It may be remarked that the profit-making ability might denote a constant or improved or deteriorated state of affairs during a given period. Thus, profit is an absolute connotation, whereas profitability is a relative concept, despite being closely related to and mutually interdependent, as they are, profit and profitability are two different concepts. In other words, in spite of their generic nature, each one of them has a distinct role in business concerns might be the same and yet more often than note

their profitability could differ when measured in terms of the size of investment. An analysis of the profitability reveals as to how the position of profits stands as a result of total transactions made during the year.

Profitability may be defined as the ability of a given investment to earn a return from its uses. Profitability is a relationship of the earnings to total resources of the corporation. Stanev remarked, profitability is an overall reflection of the strength and weakness of an enterprise. Therefore, profitability is the main indicator of the efficiency and effectiveness of a business' enterprise in achieving its goal of earning profit. Profitability as a relative measure enables the management to make prompt change in the financial and production policies in the light of the past performance. Many important management decisions pertaining to such issues as further expansion of plant, adoption of modern technology, raising of additional funds, payment of bonus and higher dividend are linked with this relative measure.

Measurement of Profitability

Profitability of a firm can be measured by its profitability ratios. In the process of performance appraisal of a business, profitability ratios can be calculated to measure the operating efficiency. The profitability ratios can be

determined on the basis of either investment or sales and for this purpose a quantitative relationship between the profit and the investment or the sales is established. In the words of James C. Van Home, "Profitability ratios are of two types: those showing profitability in relation to sales, and those showing profitability in relation to investment. He further added, with all of the profitability ratios, comparisons of a company with similar companies are extremely valuable. Only by comparison are we able to judge whether the profitability of a particular company is good or bad, and why. Absolute figures give some insight, but it is a relative performance which is most important. The profitability of the company should also be evaluated in terms of its investment in assets and in terms of capital contributed by creditors and owners, as such if a company is unable to earn a satisfactory return on investments, its survival is threatened. In this section it is attempted to study the various ratios suggested for measuring the performance in relation to profitability.

The following profitability ratios have been computed and analysed for selected BSE/NSE listed hotel industries during the study period.

1. Dividend per share
2. Net profit margin ratio
3. Gross profit margin ratio

Table 1: Anal Ysis of Profit Margin Ratio of Selected Hotel Industries in India–Dividend per Share

RsIn Crores

Year	INDH	EIH	MAHH	HOTL	INTD	COCB	ORIH	TAJH	SPER	EIHA
2004-05	22.81	3.88	7.34	1.3	0.18	-6.01	8.59	17.61	21.03	-1.17
2005-06	32.43	5.67	14.26	5.78	2.47	-3.64	16.29	7.38	20.8	2.76
2006-07	5.5	36.04	10.98	9.66	6.78	3.24	21.23	10.26	29.73	6.97
2007-08	6.26	5.1	10.65	3.41	6.75	40.16	24.35	11.23	42.05	7.34
2008-09	3.24	5.53	14.15	3.97	6.53	42.15	20.9	8.42	74.57	5.05
2009-10	2.12	4.34	12.29	3.84	3.76	1.25	12.96	5.78	5.48	2.7
2010-11	1.86	1.46	12.48	1.09	-1.67	2.11	1.25	6.91	4.9	6.14
2011-12	1.91	1.13	12.75	1	-1	1.25	0.71	4.68	4.99	6.82
2012-13	-3.43	2.14	10.74	0.48	1	1.49	0.8	1.4	5.89	6.73
2013-14	-7.31	0.89	10.98	-10.35	0.35	1.88	-0.4	0.79	9.87	7.73
Mean	6.539	6.618	11.662	2.018	2.515	8.388	10.668	7.446	21.931	5.107
S.D	12.02384	10.50033	2.018557	5.157156	3.267718	17.50892	9.731755	4.922367	22.33339	2.8417289
CV	1.838788	1.586632	0.173088	2.555578	1.299292	2.087378	0.912238	0.661075	1.018348	0.5564380
CAGR	0.098	-0.13691	0.041096	-1.234	0.068758	0.023	0.092	-0.26686	-0.07285	0.236

Source: Computed

The Table No. 4.1 implies that analysis of dividend per share of selected BSE/NSE listed Hotel industries during the study period. The mean dividend per share varied from industry to industry, the highest mean was 21.931 per cent in SPER followed by MAHH i.e., 11.662 per cent, ORIH 10.668 per cent, COCB 8.388 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries MAHH has lowest variation (0.173088) in dividend per

share while HOTL and COCB suffered from largest variation in dividend per share during the study period. It is also observed from the Table 4.1, that the Compound Annual Growth Rate of operating profit ratio was negative in the case of EIH, HOTL, TAJH and SPER in the remaining industry it was positive during the study period 2004-2005 to 2013-2014.

Table 2: Analysis of Profit Margin Ratio of Selected Hotel Industries in India – Net Profit Margin Ratio-

Rs.In Crores

Year	INDH	EIH	MAHH	HOTL	INTD	COCB	ORIH	TAJH	SPER	EIHA
2004-05	3.79	5.59	13.29	3.79	0.41	-22.38	11.36	19.07	9.39	-2.42
2005-06	16.49	5.3	17.35	16.49	4.58	-9.34	17.52	24.43	5.97	4.38
2006-07	21.14	23.5	21.46	21.14	12.34	4.35	19.42	26.39	5.29	8.55
2007-08	31.43	20.14	18.87	31.43	8.15	22.81	19.83	27.25	5.4	8.17
2008-09	25.65	18.89	22.83	25.65	9.4	20.77	17.13	22.11	8.62	6.2
2009-10	25.28	17.46	19.27	25.28	6.18	3.31	11.6	15.81	8.92	3.54
2010-11	8.87	6.69	16.46	8.87	-4.78	8.45	9.37	16.62	8.66	6.83
2011-12	7.03	5.64	14.94	7.03	-2.18	5.14	4.68	11.46	9.91	7.01
2012-13	3.17	10.67	11.83	3.17	2.01	5.4	4.82	3.45	9.78	9.62
2013-14	-65.62	4.32	12.89	-65.62	0.68	5.27	-2.37	2.03	10.78	10.88

Mean	7.723	11.82	16.919	7.723	3.679	4.378	11.336	16.862	8.272	6.276
S.D	27.61987	7.385003	3.719431	27.61987	5.407278	13.05013	7.362532	8.935582	1.989655	3.781385
CV	3.576313	0.624789	0.219838	3.576313	1.469768	2.980844	0.649482	0.529924	0.240529	0.602515
CAGR	0.012	-0.02544	-0.00305	0.156	0.051895	0.012	1.45	-0.20069	0.0139	0.078

Source: Computed

The Table No. 4.2 shows that analysis of Net Profit Margin Ratio of selected BSE/NSE listed Hotel industries during the study period. The mean Net Profit Ratio varied from industry to industry, the highest mean was 16.919 per cent in **MAHH** Followed by **TAJH** i.e., 16.862 per cent, **EIH** 11.82 per cent, **ORIH** 11.336 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries **MAHH** has lowest variation (0.219838) in Net profit ratio

while **HOTL** and **COCB** suffered from largest variation in Net Profit Margin Ratio during the study period. It is also clear from the Table 4.2, that the Compound Annual Growth Rate of Net Profit Margin Ratio was positive in the case of **INDH**, **HOTL**, **INTD**, **COCB**, **ORIH**, **SPER** and **EIHA**. For the remaining industry it was negative during the study period 2004-2005 to 2013-2014.

Table 3: Analysis of Profit Margin Ratio of Selected Hotel Industries in India – Gross Profit Margin Ratio-
RsIn Crores

Year	INDH	EIH	MAHH	HOTL	INTD	COCB	ORIH	TAJH	SPER	EIHA
2004-05	20.78	16.99	21.7	19.51	1.23	-9.46	27.67	38.47	10.7	11.45
2005-06	29.33	17.61	27.13	30.69	9.45	1.03	33.68	43.99	10.49	19.75
2006-07	33.41	26.72	30.89	43.06	14.34	15.83	36.39	46.78	10.56	24.93
2007-08	35.28	30.44	22.39	41.06	7.08	37.94	29.62	43.58	11.04	28.23
2008-09	24.34	33.95	28.62	37.32	9.23	36.24	26.99	37.18	11.64	25.72
2009-10	18.74	19.82	21.52	23.58	-1.96	10.34	19.9	29.18	13.77	24.69
2010-11	18.62	7.66	15.37	15.36	-14.96	18.1	18.47	29.21	12.55	24.23
2011-12	15.85	8.32	15.64	19.12	15.87	22.16	11.96	22.03	9.61	22.47
2012-13	14.89	14.7	15.55	-14.64	-1.51	17.44	7.13	14.28	9.75	23.86
2013-14	13.84	8.83	15.67	-3.97	14	21.4	4.8	10.97	9.56	22.68
Mean	22.508	18.504	21.448	21.109	5.277	17.102	21.661	31.567	10.967	22.801
S.D	7.757942	9.325806	5.894223	18.81813	9.609505	14.3637	11.01559	12.62502	1.357596	4.564806
CV	0.344675	0.503989	0.274815	0.891474	1.821017	0.839884	0.508545	0.399944	0.123789	0.200202
CAGR	-0.03983	-0.06335	-0.03203	0.978	0.275329	1.983	-0.16069	-0.11792	-0.0112	0.070739

Source: Computed

The Table No. 4.3 depicts that analysis of Gross Profit Margin Ratio of selected BSE/NSE listed Hotel industries during the study period. The mean Gross Profit Ratio varied across hotels, the highest mean was 31.567 per cent in **TAJH** Followed by **INDH** i.e., 22.508 per cent, **MAHH** 21.448 per cent, **HOTL** 21.109 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries **SPER** has lowest variation (0.123789) in operating profit ratio while **INTD** and **HOTL** suffered from largest variation in Gross Profit Margin Ratio during the study period. It is also noted from the Table 4.2, that the Compound Annual Growth Rate of Gross Profit Margin Ratio was positive in the case of **HOTL**, **INTD**, **COCB** and **EIHA** For the remaining hotels it was negative during the study period 2004-2005 to 2013-2014.

Findings, Suggestions and Conclusion

Introduction

The present study is under taken with a view to find, suggest and conclude the financial performance of selected BSE listed hotel industries for the period of 10 years from years 2004-2005 to 2013-2014. The analysis of financial performance was carried out on parameter, liquidity position, sales, profitability, assets utilization, financial strength and financial health.

The published financial statements of the selected hotel industries were extensively used for analyzing and interpreting the financial performance. These financial statements have been analyzed with the help of appropriate financial ratios and various statistical techniques, such as Regression Analysis, ANOVA, Compound Annual Growth

Rate, Multiple Regression and Correlation Analysis and factor analysis.

The key findings of the study relating to financial performance of selected BSE listed hotel industries, keeping in view the findings and suggestions, are summarized below:

Compound Annual Growth Rate:

Dividend per Share

The mean dividend per share varied from industry to industry, the highest mean was 21.931 per cent in **SPER** Followed by **MAHH** i.e., 11.662 per cent, **ORIH** 10.668 per cent, **COCB** 8.388 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries **MAHH** has lowest variation (0.173088) in dividend per share while **HOTL** and **COCB** suffered from largest variation in dividend per share during the study period. It is also observed from the Analysis 4.1, that the Compound Annual Growth Rate of operating profit ratio was negative in the case of **EIH**, **HOTL**, **TAJH** and **SPER** in the remaining industry it was positive during the study period 2004-2005 to 2013-2014.

Net Profit Margin Ratio

The mean Net Profit Ratio varied from industry to industry, the highest mean was 16.919 per cent in **MAHH** Followed by **TAJH** i.e., 16.862 per cent, **EIH** 11.82 per cent, **ORIH** 11.336 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries **MAHH** has lowest variation (0.219838) in Net profit ratio while **HOTL** and **COCB** suffered from largest variation in Net Profit Margin Ratio during the study period. It is also

clear from the Analysis, that the Compound Annual Growth Rate of Net Profit Margin Ratio was positive in the case of INDH, HOTL, INTD, COCB, ORIH, SPER and EIHA. For the remaining industry it was negative during the study period 2004-2005 to 2013-2014.

Gross Profit Margin Ratio

The mean Gross Profit Ratio varied across hotels, the highest mean was 31.567 per cent in TAJH Followed by INDH i.e., 22.508 per cent, MAHH 21.448 per cent, HOTL 21.109 per cent during the study period.

Among the selected BSE/NSE listed Hotel industries SPER has lowest variation (0.123789) in operating profit ratio while INTD and HOTL suffered from largest variation in Gross Profit Margin Ratio during the study period. It is also noted from the Analysis, that the Compound Annual Growth Rate of Gross Profit Margin Ratio was positive in the case of HOTL, INTD, COCB and EIHA For the remaining hotels it was negative during the study period 2004-2005 to 2013-2014.

Suggestions:

For the betterment of the hotel Industry the humble suggestions are as follows:

1. To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets.
2. It is better if the companies can reduce the oversized short-term loans and advances eliminate the risk arranging finance regularly.
3. Cost accounting and cost audit should be made mandatory for this units and cost sheet along with annual financing statement should be prepared.
4. To regularize and optimize the use of cash balance proper techniques may be adopted for planning and control of cash.
5. The hotels must offer very attractive family and individual packages based on local and national holiday seasons which will attract more number of foreigners that ultimately improve financial aspects as well.
6. In today's world many well reputed hotels have their hotel chain which helps them to maintain their quality everywhere in the world. If any hotel do not have their chain then they can tie up with other hotels which have same reputation in the hotel industry. This will give them a boost to the development of the well and good hotels. On the other hand many owners collaborate or merge with other hotels and take it away or lead it.
7. Hotel units should sharpen their human tools to compete at international level.
8. Social security measures such as PF and gratuity ensure social guarantee to workers even after retirement and in the old age. But in hotel industry especially in private sector the provision of such schemes found inadequate. Hence the authorities should take stringent measures to implement such schemes in hotel industry.
9. A well formulated training curriculum, which includes Induction training and facilities for retraining play an important role in the overall shaping of an employee. But in hotel industry the authorities did not give due importance in framing such programs.
10. Training curriculum in private sector, especially in three and four star segment, should be revamped so as to shape the employees into full-fledged employees who have the required skill and abilities to perform the task.

Conclusion:

The growth and development of a country is based on its natural resources. India is a nation with huge population and rich natural resources which is distributed across states and follows the principle of unity in diversity.

The industrialization and other aspects have made global competition and the hotel and hospitality industry is also facing the same. The industry is also the great source of revenue in foreign exchange. So the government and private firms must give proper attention to the industry for attracting more number of tourist from across the globe to visit our nation. This will ultimately improve financial aspect of the industry and strengthen our nations GDP.

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