

## RELATIONSHIP BETWEEN DEGREE OF FINANCIAL LEVERAGE AND EARNING PER SHARE

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### ABSTRACT

Degree of financial leverage refers to the effect of the use of debt capital on the earning per share of a company. This paper studied the relationship between degree of financial leverage and earnings per share of two leading Indian steel companies- Steel Authority of India Limited, and Tata Steel Limited for a period since 2006-07 to 2014-15. This study used the secondary source of data i.e. Annual Reports of SAIL and Tata Steel Limited. We found a negative correlation between degree of financial leverage and earnings per share in SAIL, whereas no relationship was found between degree of financial leverage and earnings per share in Tata Steel Limited.

**KEYWORDS:** Borrowed Capital, Degree of Financial Leverage, Earning Per Share