



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.j.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

A Study on Financial Performance of selected steel companies in India

Divyaraj Balasara

M.Phil Research Scholar,
Department of Commerce,
Saurashtra University Rajkot



Abstract: *The main aim of this study is to analyze the performance of steel companies. Here researcher has select two steel companies for analysis. 7 year (2015-2021) study periods are taken in this research. Profitability ratios and Liquidity ratios are taken in this study. To compare the performance of two companies researcher has used Independent t-test as a statistical tools.*

Key words: Financial Performance, steel companies, Independent t-test

Introduction

Financial performance analysis is the procedure of recognizing of the financial strengths and weakness of the organization by appropriately creating the relationship and weakness of the organization by appropriately establishing the relationship between the things of balance sheet and profit and loss account. It is also benefitting in short term and long-term estimating and growth can be recognized with the help of financial performance analysis. Analysis of financial statement is the process of estimating the relationship amongst the element parts of financial statement to find a better understanding of the organization's place and performance. This analysis can be assumed by management of the organization or by gatherings outside the creditors, investors, namely, owners.

Review of Literature

Every company has undergone the recession period. The study was made by Pal Shrabanti (2018), taking in hand 16 Indian steel companies which were listed under BSE stock. The study was made to measure the after-effect recession i.e of 2010-11 to 2015-16. The study was to find out the financial performance of those companies. There was a variation during the period hence the companies did not get the high return whereas the liquidity had given positive impact on profit making.

Major steel companies are listed on the indices of BSE and NSE. The sample size taken by Krishnamurthi M. (2016) was to analyze 7 larger steel companies and medium capital companies. The study was made by the data available and continuous payment which was paid as a dividend for last 3 years by the company.

The case study done by Chandra Sathish (2001) in the research "Trade Credit and Company Liquidity" did the comparative study of Republic of India Ltd., and Tata Iron and Steel Ltd, to seek the additional firms provide more internet trade credit in subsequent years. The study of liquidity of variable and inventory, creditor's turnover, debtor's turnover and the average assortment amount were taken. The ratio of the stated was taken and the relationship has been measured.

Objectives of the study:

To Analyse the Profitability performance of selected steel companies in India.

To know the Liquidity position of selected steel companies in India.

To compare the performance of selected companies.



Hypothesis of the Study:

There is no significant difference between Net profit margin ratio of Tata steel and JSW steel.

There is no significant difference between Return on Asset ratio of Tata steel and JSW steel.

There is no significant difference between Current ratio of Tata steel and JSW steel.

There is no significant difference between Quick ratio of Tata steel and JSW steel.

Research Methodology:

Types of Research: This study is an Analytical study.

Types of Data: This study is based on secondary data.

Data Collection: Data are collected from Moneycontro.com and Annual Published report of selected companies.

Period of the study: This study is limited with seven financial years.

Tools and techniques: Profitability ratios, Liquidity ratios and Independent t-test are used in the study.

Data Analysis

Net Profit Margin Ratio (%):

Year	2015	2016	2017	2018	2019	2020	2021
TATA Steel	15.41	12.82	7.17	6.99	14.91	11.15	20.97
JSW Steel	4.70	-9.61	6.84	7.11	10.52	8.23	11.86

Independent t-test

	TATA Steel	JSW Steel
Mean	12.77429	5.664286
Variance	24.36406	51.0423
Observations	7	7
Pooled Variance	37.70318	
Hypothesized Mean Difference	0	
df	12	
t Stat	2.16628	
P(T<=t) one-tail	0.025567	
t Critical one-tail	1.782288	
P(T<=t) two-tail	0.051134	
t Critical two-tail	2.178813	



Interpretation

The above table represents testing of Hypothesis using T-test for Net profit margin ratio. The highest Net Profit margin ratio in Tata Steel was in the year 2021 at 20.97%. The highest Net profit margin Ratio in JSW steel was in the year 2021 at 11.86%. The calculated value of T test is 2.16 whereas the critical value is 2.17 which is higher than calculated value. Hence, null hypothesis is accepted.

Return on Assets Ratio (%)

Year	2015	2016	2017	2018	2019	2020	2021
TATA Steel	5.56	3.97	3.09	3.33	7.66	4.48	8.24
JSW Steel	2.89	-4.80	4.41	5.40	7.55	4.33	6.29

Independent t-test

	TATA Steel	JSW Steel
Mean	5.19	3.724286
Variance	4.233733	16.3706
Observations	7	7
Pooled Variance	10.30216	
Hypothesized Mean Difference	0	
df	12	
t Stat	0.854317	
P(T<=t) one-tail	0.20483	
t Critical one-tail	1.782288	
P(T<=t) two-tail	0.409661	
t Critical two-tail	2.178813	

Interpretation

The above table represents testing of Hypothesis using T-test for Return on assets ratio. The highest Return on assets in Tata Steel was in the year 2021 at 8.24%. The highest Return on assets ratio in JSW steel was in the year 2019 at 7.55%. The calculated value of T test is 0.85 whereas the critical value is 2.17 which is less than calculated value. Hence, null hypothesis is accepted.



Current Ratio

Year	2015	2016	2017	2018	2019	2020	2021
TATA Steel	0.71	0.68	0.87	1.35	0.67	0.65	0.81
JSW Steel	0.93	0.62	0.68	0.76	0.78	0.83	0.80

Independent t-test

	TATA Steel	JSW Steel
Mean	0.82	0.771429
Variance	0.0611	0.010148
Observations	7	7
Pooled Variance	0.035624	
Hypothesized Mean Difference	0	
df	12	
t Stat	0.481443	
P(T<=t) one-tail	0.319431	
t Critical one-tail	1.782288	
P(T<=t) two-tail	0.638862	
t Critical two-tail	2.178813	

Interpretation

The above table represents testing of Hypothesis using T-test for Return on assets ratio. The highest Current Ratio in Tata Steel was in the year 2018 at 1.35 times. The highest Current ratio in JSW steel was in the year 2015 at 0.93 times. The calculated value of T test is 0.48 whereas the critical value is 2.17 which is less than calculated value. Hence, null hypothesis is accepted.

Quick Ratio

Year	2015	2016	2017	2018	2019	2020	2021
TATA Steel	0.23	0.35	0.43	0.92	0.23	0.30	0.52
JSW Steel	0.51	0.31	0.33	0.36	0.49	0.55	0.51

Independent t-test



	TATA Steel	JSW Steel
Mean	0.425714	0.437143
Variance	0.058562	0.009957
Observations	7	7
Pooled Variance	0.03426	
Hypothesized Mean Difference	0	
df	12	
t Stat	-0.11551	
P(T<=t) one-tail	0.454974	
t Critical one-tail	1.782288	
P(T<=t) two-tail	0.909948	
t Critical two-tail	2.178813	

Interpretation

The above table represents testing of Hypothesis using T-test for Return on assets ratio. The highest Quick Ratio in Tata Steel was in the year 2018 at 0.92 times. The highest Return on assets ratio in JSW steel was in the year 2020 at 0.55 times. The calculated value of T test is -0.11 whereas the critical value is 2.17 which is less than calculated value. Hence, null hypothesis is accepted.

Conclusion

There is no significant difference found in net assets ratio for both the companies. Both the companies are performing at par level with reference to net profit ratio. There is no significant difference found in Return on assets ratio for both the companies. Both the companies are performing at par level with reference to return on assets ratio. There is no significant difference found in Current Ratio for both the companies. Both the companies are performing at par level with reference to current ratio. There is no significant difference found in Quick ratio for both the companies. Both the companies are performing at similar level with reference to quick ratio. From the above analysis, it can be concluded that both the companies, despite facing ups and downs performed very well and at the same level.



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.j.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

REFERANCES

- Annual published report of TATA steel (2015-2021)
- Annual published report of JSW steel (2015-2021)
- Chandra Sathish, (2001), "Trade Credit Company Liquidity", The Management Accountant, pp.738-756.
- Krishnamurthi M. (2016), Forecast Analysis of Profitability in Selected Steel Companies in India, International Journal of Research in Computer Application & Management, Vol-6, Issue-6,pp49-54.
- Pal Shrabanti (2018), Comparative Study of Financial Performance of Indian Steel Companies under Globalization, International Journal of Accounting and Financial Management Research, Vol-2, Issue-4,pp1-8.
- www.moneycontrol.com