

A STUDY ON WORKING CAPITAL MANAGEMENT AND PROFITABILITY ANALYSIS OF SELECTED STEEL COMPANIES IN INDIA

Submitted in partial fulfillment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

by

I.PREMKUMAR

40410127



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

Accredited with Grade "A" by NAAC

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

MAY 2022



SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **I.Premkumar 40410127** who carried out the project entitled "**A Study on Working Capital Management and Profitability Analysis of Selected Steel Company in India**" under my supervision from January 2022 to march 2022.

Dr. Princy. A.S

Internal guide

External Guide

Dr. BHUVANESWARI. G

Dean – School of Management Studies

Submitted for Viva voce Examination held on _____

Dr. Princy. A.S

**Internal Examiner
Examiner**

External

ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

I convey my sincere thanks to **Dr. G. Bhuvaneswari, Dean - School of Management Studies** and **Dr. A. Palani, Head - School of Management Studies** for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **Dr. Princy. A.S** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the **School of Management Studies** who were helpful in many ways for the completion of the project.

PREMKUMAR.I

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	ABSTRACT	(i)
	LIST OF TABLES	(iii)
	LIST OF CHARTS	(iv)
1	INTRODUCTION	
	1.1 .Introduction	1
	1.2 .History	2
	1.3 .Industry profile	3
	1.4 .Company profile	4
2	REVIEW OF LITERATURE	
	2.1 Review of Literature	6
3	RESEARCH METHODOLOGY	8
	3.1 Scope of the study	
	3.2 Objective of the study	8
	3.3. Research Design	8
	3.4. Secondary Data	9
	3.5. Period of study	9

	3.6. Tools Used for the Analysis	9
	3.7. Accounting Tools and Techniques usedFinancial Ratio	9
	3.8. Selected companies	
4	DATA ANALYSIS AND INTERPRETATION	10
	FINDINGS, SUGGESTIONS AND CONCLUSION	15
	5.1. Findings of the Study	15
5	5.2. Suggestions & Recommendations	16
	5.4. Conclusion	17
	REFERENCES	18
	ANNEXURE I – BALANCE SHEET	
	ANNEXURE II – ARTICLE	

ABSTRACT

Working capital may be regarded as the lifeblood of a business. Its effective provision can do much to ensure the success of business. Its inefficient management can lead not only to loss of profits but also to the downfall of a business. A study of working capital is of major importance to internal and external analysis because of its close relationship with the current day-to-day operations of a business. Every business needs funds for two purposes for its establishment and to carry out its day-to-day operations. Long-term funds are required to create production facilities through purchase of fixed assets such as plant and machinery, land, building, furniture. Funds are also needed for short-term purpose for the purchase of raw materials, payment of wages and other day-to-day expenses. 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. It 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. It is the drawback to get lost position in their analysis.

LIST OF TABLES

Table No	Particular	Page No
4.1	Current Ratio	10
4.2	Fixed Assets Ratio	11
4.3	Quick Ratio	12
4.4	Reserve to capital Ratio	13
4.5	Proprietary Ratio	14

LIST OF CHARTS

Chart No	Particular	Page No
4.1	Current Ratio	10
4.2	Fixed Assets Ratio	11
4.3	Quick Ratio	12
4.4	Reserve to capital Ratio	13
4.5	Proprietary Ratio	14

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Every business needs funds for two purposes—for its establishment and to carry out its day-to-day operations. Long-term funds are required to create production facilities through purchase of fixed assets such as plant and machinery, land, building, furniture, etc. Investments in these assets represent that part of firm's capital which is blocked on a permanent fixed basis and is called fixed capital. Funds are also needed for short-term purposes for the purchases of raw materials, payment of wages and other day-to-day expenses, etc. These funds are known as working capital. In simple words, working capital refers to that part of the firm's capital which is required for financing short-term or current assets such as cash, marketable securities, debtors and inventories. Funds, thus, invested in current assets keep revolving fast and are being constantly converted into cash and this cash flows out again in exchange for other current assets. The working capital of a firm may be positive or negative.

Hence, it is also known as revolving or circulating capital. The circular flow concept of working capital is based upon this operating or working capital cycle of a firm. The cycle starts with the purchase of raw material and other resources and ends with the realization of cash from the sales of finished goods. The speed/time duration required to complete one cycle determines the requirements of working capital - longer the period of cycle, larger is the requirement of working capital.

1.2 HISTORY

TATA STEEL

Tata Steel Company was founded by Jamsetji Nusserwanji Tata and established by Sir Dorabji Tata on 26 August 1907. TSCO started in 1912 as a branch of Jamsetji's Tata Group. The first steel ingot was manufactured on 16 February 1912. During the First World War (1914–1918), the company made rapid progress.

In 1920, The Tata Steel Company also incorporated The Tinplate Company of India Ltd (TCIL), as a joint venture with then Burmah Shell to manufacture Tinplate. TCIL is now Tata Tinplate and holds 70% market share in India.

By 1939, it operated the largest steel plant in the British Empire. The company launched a major modernization and expansion program in 1951. Later, in 1958, the program was upgraded to 2 million metric tonnes per annum (MTPA) project. By 1970, the company employed around 40,000 people at Jamshedpur, and a further 20,000 in the neighboring coal mines.

JSW STEEL

1994, Jindal Vijayanagar Steel (JVSL) was set up with its plant located at Toranagallu in the Bellary-Hospet area in the State of Karnataka, the heart of the high-grade iron ore belt and spread over 10,000 acres (40 km²) of land. It also set up a plant at Salem with an annual capacity of 1 million tonnes. It is on the cusp of a major expansion plan to add 3.2 million tons per annum to its at Vijayanagar Plant to achieve a capacity of 11 MTPA by 2011. The company has established a strong presence in the global value-added steel segment with the acquisition of a steel mill in the United States and a Service Center in United Kingdom. JSW Steel has also formed a joint venture for setting up a steel plant in Georgia. The Company has further acquired iron ore mines in Chile and coal mines in USA & Mozambique. The current manufacturing capacity of company is 18 MTPA.[7] In Aug 2014, it acquired Welspun Maxsteel Ltd in a deal valued at around 1,000 Crores.[8] JSW has already acquired 3 MTPA Hot Rolling Plant in Dolvi Maharashtra (earlier

named Ispat Industries Ltd.

SAIL

The company, incorporated on **January 24, 1973** with an authorized capital of Rs. 2000 crore, was made responsible for managing five integrated steel plants at Bhilai, Bokaro, Durgapur, Rourkela and Burnpur, the Alloy Steel Plant and the Salem Steel Plant. In 1978 SAIL was restructured as an operating company.

1.3 INDUSTRY PROFILE

TATA STEEL

Steel is the world's most important engineering and construction material. It is used in every aspect of our lives; in cars and construction products, refrigerators and washing machines, cargo ships and surgical scalpels. Steel is not a single product. There are more than 3,500 different grades of steel with many different physical, chemical, and environmental properties. Approximately 75% of modern steels have been developed in the past 20 years. If the Eiffel Tower were to be rebuilt today, the engineers would only need one-third of the steel that was originally used. Modern cars are built with new steels that are stronger but up to 35% lighter than in the past.

JSW STEEL

The flagship company of JSW Group, JSW Steel is one of India's leading integrated steel manufacturers with a capacity of 18 MTPA. It is one of the fastest growing companies in India with a footprint in over 100 countries. By end of next decade, JSW Steel aims to produce 40 million tons of steel annually

SAIL STEEL

Steel Authority of India Limited (SAIL) is a steel-making company operating in India, it is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets.

1.4 COMPANY PROFILE

TATA STEEL

Tata steel is India's private sector steel company. The company's steel-making finishing facilities have the capacity to produce nearly 20.6 million tons of crude steel a year. Tata steel's products include hot and cold rolled coils and sheets, tubes, wire rods, rings and bearings. Its domestic facilities are located in Jamshedpur in eastern India, and tata steel's international operations include UK-based subsidiary Tata steel Europe, Singapore's NateSteel, and Tata steel Thailand. The company also owns interests in coal and iron projects that supply the steel maker with raw materials. More than half of the company's total revenue comes from domestic operations. Tata Steel was established in 1907.

JSW STEEL

JSW Steel is an Indian multinational metal company. The company headquarters is in Mumbai, Maharashtra, India. The company is an integral part of the O.P. Jindal Group and has been a part of major projects that have played a key role in India's growth. It is India's leading manufacturer of value-added and high-end steels company.

JSW steel plants are in Karnataka, Tamil Nadu and Maharashtra have a total capacity of 18 million tons per annum and are scaling up existing plants and opening new ones to take that figure to 40 MTPA.

SAIL STEEL

Steel Authority of India Limited (SAIL) is a steel-making company operating in India, it is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets. Incorporated in 1973, SAIL manufactures and sells different kinds of steel products such as hot and cold rolled sheets & coils, galvanised sheets, electrical sheets, structural steel, railway products, plates, bars and rods. SAIL has a Research and Development Centre for Iron and Steel (RDCIS) at Ranchi which helps to produce quality steel and develop new technologies for the steel industry. SAIL is headquartered in the state of Delhi.

CHAPTER 2

REVIEW OF LITERATURE

- **Sagan in his paper (1955)**, perhaps the first theoretical paper on the theory of working capital management, emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. He realized the need to build up a theory of working capital management. He discussed mainly the role and functions of money manager inefficient working capital management. Sagan pointed out the money manager's operations were primarily in the area of cash flows generated in the course of business transactions.
- **Kamta Prasad Singh, Anil Kumar Sinha and Subas Chandra Singh (1986)** examined various aspects of working capital management in fertilizer industry in India during the period 1978-79 to 1982-93. Sample included public sector unit, Fertilizer Corporation of India Ltd. (FCI) and its daughter units namely Hindustan Fertilizers Corporation Ltd., the National Fertilizer Ltd., Rashtriya Chemicals and Fertilizers Ltd. and Fertilizer (Projects and Development) India Ltd. and comparing their working capital management results with
- **Welter, in his study (1970)**, stated that working capital originated because of the global delay between the moment expenditure for purchase of raw material was made and the moment when payment was received for the sale of finished product. Delay centres are located throughout the production and marketing functions.
- **Lambrix and Singhvi (1979)** adopting the working capital cycle approach to the working capital management, also suggested that investment in working capital could be optimized and cash flows could be improved by

reducing the time frame of the physical flow from receipt of raw material to shipment of finished goods, i.e. inventory management, and by improving the terms on which firm sells good as well as receipt of cash.

CHAPTER 3

RESEARCH METHODOLOGY

➤ 3.1. Scope of the Study

- In this study an attempt of choosing the sources of funds, dividend policy, capital budgeting, cost of volume profit analysis of the Indian selected steel companies for the period of 2017 – 2021 as relevant from annual reports and balance sheets of the companies.
- The goal of working capital management is to manage the current assets and current liabilities in such a way that a satisfactory level of working capital is maintained the record may be given the best idea to investors, profitability also know the investor in future

➤ 3.2 Objectives of the Study

- To study the financial position of the steel companies.
- To review the profitability position of the Indian steel companies.
- To compare the financial performance and find the growth trend of the steel companies.
- To evaluate profitability related to sales of steel companies

➤ 3.3 Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It constitutes the blueprint for the collection, measurement and analysis of data.

3.4 Secondary Data:

Main source of secondary data was Annual report of the selected steel companies, standard text books, relevant journals, reports, magazines and steel companies' websites.

3.5 Period of Study:

This research study covers a period of 5 years from 2017 to 2021.

3.6 Tools Used for the Analysis

The following tools were adapted to analysis the working capital management.

3.7 Statistical Tools Used

Annual Growth Rate of Selected Steel Companies

The changes in working capital are concerned with the Gross profit, Net profit, operating profit, EBIT and sales alone, as they are shown in the balance sheet of the last 5 years.

3.8 Accounting Tools and Techniques used Financial Ratio

1. Current ratio
2. Quick ratio
3. Cash position ratio
4. Reserve to Capital ratio
5. Proprietary ratio

3.9 Select Companies

- TATA Steel
- JSW Steel
- SAIL Steel

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

CURRENT RATIO

Table No 1

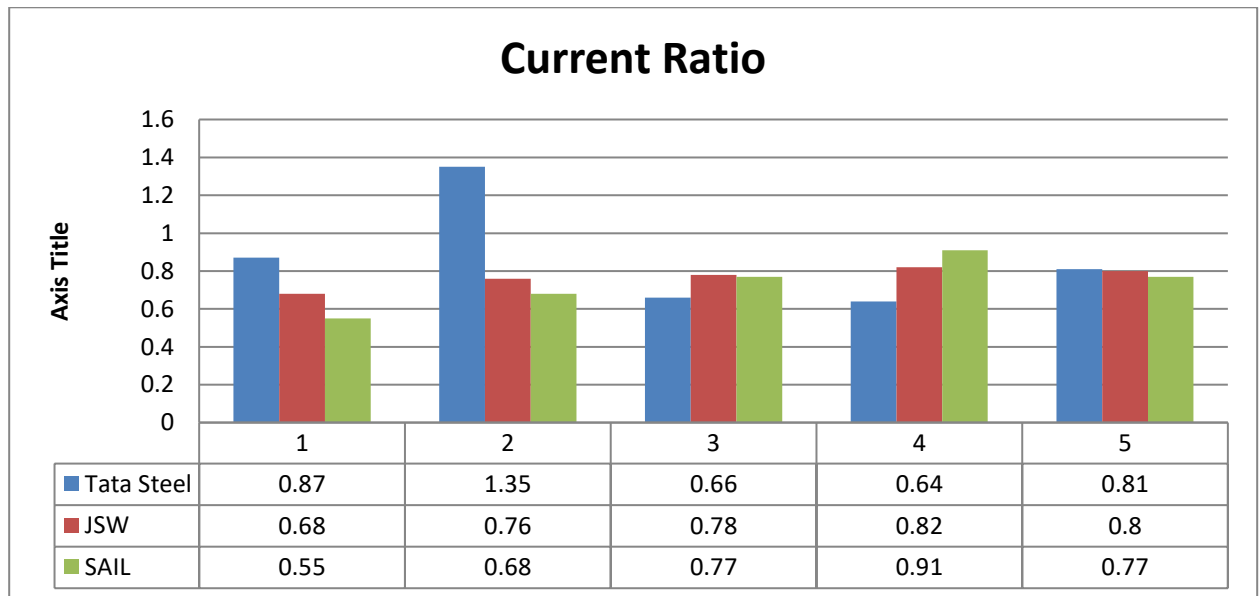
Financial Ratio for Select Steel Companies

Year	Tata Steel	JSW	SAIL
2017	0.87	0.68	0.55
2018	1.35	0.76	0.68
2019	0.66	0.78	0.77
2020	0.64	0.82	0.91
2021	0.81	0.80	0.77

Interpretation

The above table shows that the current ratio comparison between Tata steel; JSW and SAIL in 2017 – 2021 Tata steel is top in 5 yrs in this 3 company.

Chart 1



Cash Position Ratio

TABLE NO: 1.2

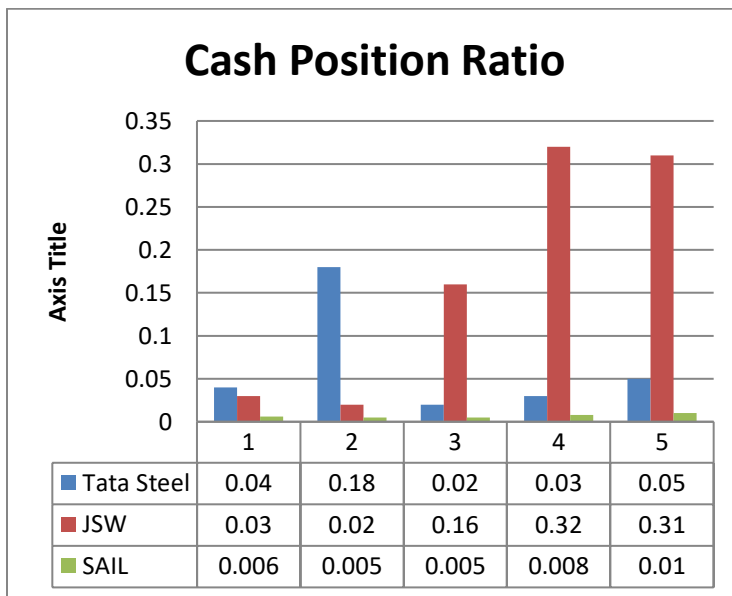
Financial Ratio for Select Steel Companies

Year	Tata Steel	JSW	SAIL
2017	0.04	0.03	0.006
2018	0.18	0.02	0.005
2019	0.02	0.16	0.005
2020	0.03	0.32	0.008
2021	0.05	0.31	0.01

Interpretation

In Cash Position Ratio in 2017-2018 Tata steel is greater than other 2 company.; 2019-2021 JSW is Higher than two company.

CHART NO: 1.2



QUICK RATIO

TABLE NO: 1.3

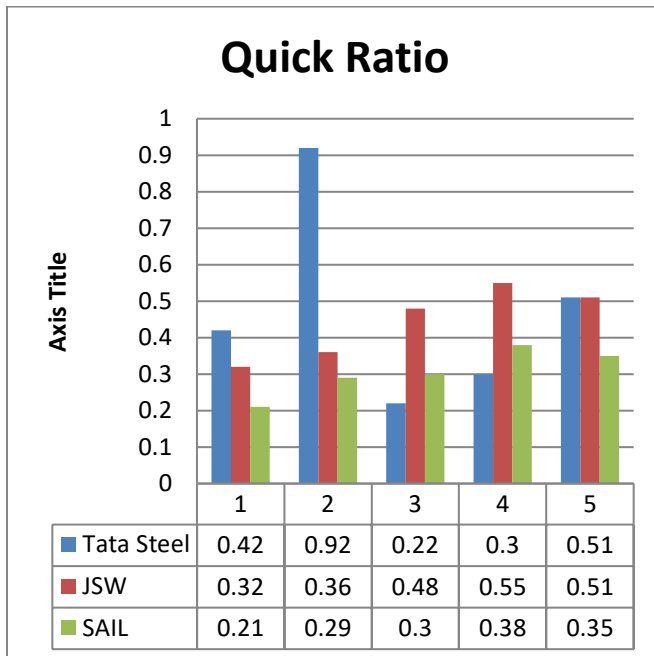
Financial Ratio for Select Steel Companies

Year	Tata Steel	JSW	SAIL
2017	0.42	0.32	0.21
2018	0.92	0.36	0.29
2019	0.22	0.48	0.30
2020	0.30	0.55	0.38
2021	0.51	0.51	0.35

Interpretation

In Quick Ratio 2017-2018 Tata steel is higher than two companies; 2019-2020 JSW is higher than other company; 2021 Tata steel and JSW are same ratio.

CHART NO :1.3



RESERVE TO CAPITAL RATIO

TABLE NO: 1.4

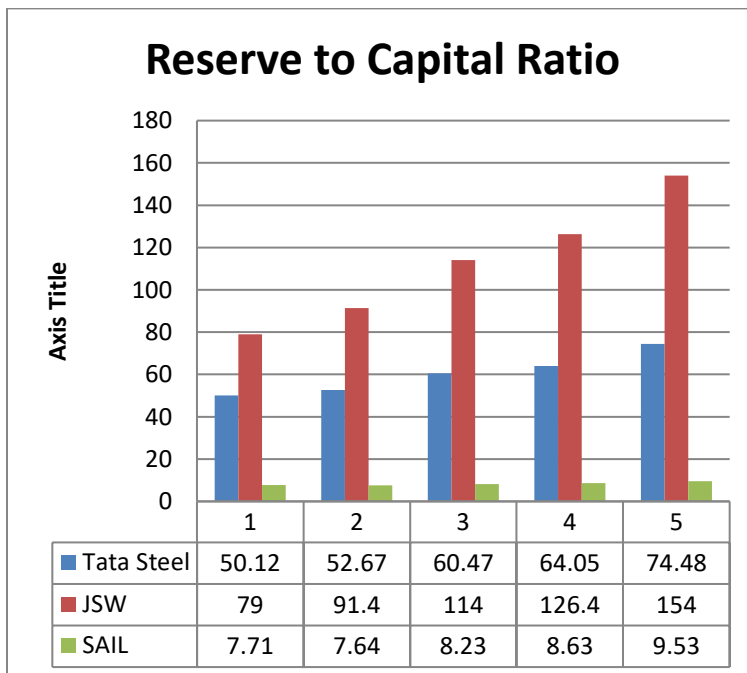
Financial Ratio for Select Steel Companies

Year	Tata Steel	JSW	SAIL
2017	50.12	79.0	7.71
2018	52.67	91.4	7.64
2019	60.47	114	8.23
2020	64.05	126.4	8.63
2021	74.48	154	9.53

Interpretation

In Reserve to Capital Ratio 2017 -2021 JSW is the highest Ratio compare between Tata steel and SAIL.

CHART NO: 1.4



PROPRIETARY RATIO

Table No 1.5

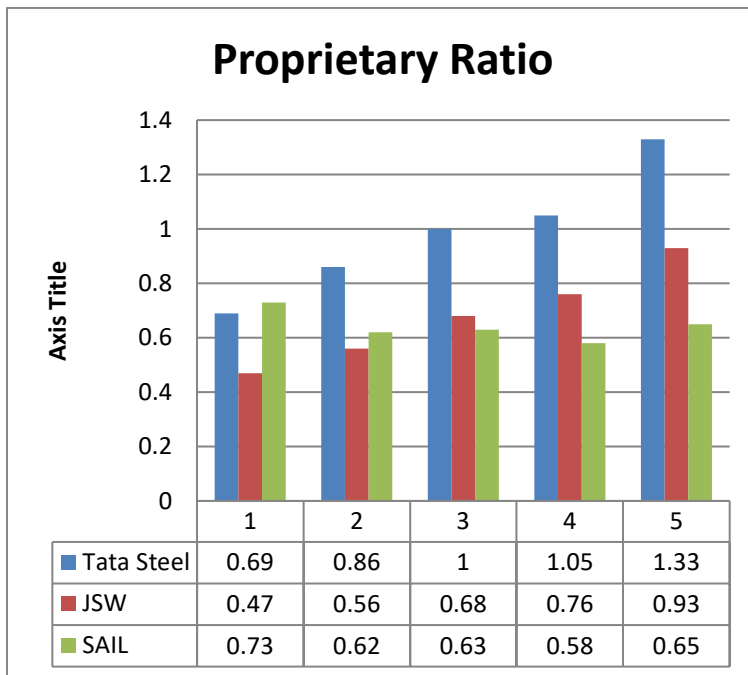
Financial Ratio for Select Steel Companies

Year	Tata Steel	JSW	SAIL
2017	0.69	0.47	0.73
2018	0.86	0.56	0.62
2019	1.00	0.68	0.63
2020	1.05	0.76	0.58
2021	1.33	0.93	0.65

Interpretation

In Proprietary Ratio SAIL is highest in 2017 (0.73); in 2018-2021 Tata steel is the highest ratio compare between JSW and SAIL.

CHART NO: 1.5



CHAPTER 5

SUMMARY OF FINDINGS, SUGGESTIONS & CONCLUSION

5.1 FINDINGS

- In Current Ratio, comparison between Tata steel; JSW and SAIL in 2017 – 2021 Tata steel is top in 5 years in these 3 companies.
- In Cash Position Ratio in 2017-2018 Tata steel is greater than other 2 company.; 2019-2021 JSW is Higher than two company.
- In Quick Ratio 2017-2018 Tata steel is higher than two companies; 2019-2020 JSW is higher than other company; 2021 Tata steel and JSW are same ratio.
- In Reserve to Capital Ratio 2017 -2021 JSW is the highest Ratio compare between Tata steel and SAIL.
- In Propriety Ratio SAIL is highest in 2017 (0.73); in 2018-2021 Tata steel is the highest ratio compare between JSW and SAIL.

5.2 LIMITATIONS OF THE STUDY

- This study mainly depends on the secondary data i.e., balance sheet of selected steel companies (Tata Steel, Jsw Steel, and SAIL).
- Operating and financial performance of the companies is analysed using 5 years data alone.
- The validity of analysis and suggestion depends on the financial statements and reports alone, provided by the company

5.2 SUGGESTION

- 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.

- JSW 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 JSW however it can earn more profit or achieve high profit volume.

5.3 CONCLUSION

- After the analysis of various data, related to selected steel companies in India founded in theoretical statement, it clear that working capital and profitability more or less depends upon the better utilization of resources, cut-off 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.

REFERENCES

1. N.K. Agarwal, Management of Working Capital, Sterling Publication Pvt. Ltd., New Delhi, 1983.
2. Annual Reports from 2008–2012 of Companies Websites
www.sail.co.in, www.jsw.in, www.nseindia.com, www.moneycontrol.com, www.lioyds.org, www.tatasteel.com, www.kalyani steel.com
3. 2. John Sagan, "Towards a Theory of Working Capital Management", The Journal of Finance, May 1955, pp. 121-129
4. 3. Kamta Prasad Singh, Anil Kumar Sinha and Subas Chandra Singh, Management of Working Capital in India, Janaki Prakashan, New Delhi, 1986.
5. 4. DR.S.N. Maheswari, Principles of Management Accounting Published Sultan Chand & Thirteen edition, 2001.
6. 5. T.S.Reddy and Y.Hari Prasad Reddy, Management Accounting Publisher Margham Publication.
7. 6. Shashi K. Gupta and AnujGuptha, Financial Management Published Kalyani Publishers
8. www.aeph.com

ANNEXURE I – BALANCE SHEET

Tata Steel

Standalone Balance Sheet

----- in Rs. Cr. -----

Mar 21 Mar 20 Mar 19 Mar 18 Mar 17

12 mths 12 mths 12 mths 12 mths 12 mths

EQUITIES AND LIABILITIES

SHAREHOLDER'S FUNDS

Equity Share Capital 1,198.78 1,146.13 1,146.12 1,146.12 971.41

Total Share Capital 1,198.78 1,146.13 1,146.12 1,146.12 971.41

Reserves and Surplus 89,289.55 73,416.99 69,308.59 60,368.70 48,687.59

Total Reserves and Surplus 89,289.55 73,416.99 69,308.59 60,368.70 48,687.59

Total Shareholders Funds 90,488.33 74,563.12 70,454.71 61,514.82 49,659.00

Equity Share Application Money 3.78 0.00 0.00 0.02 0.01

Hybrid/Debt/Other Securities 775.00 2,275.00 2,275.00 2,275.00 2,275.00

NON-CURRENT LIABILITIES

Long Term Borrowings 27,313.80 31,381.96 26,651.19 24,568.95 24,694.37

Deferred Tax Liabilities [Net] 6,111.70 5,862.28 7,807.00 6,259.09 6,111.27

Other Long Term Liabilities 8,486.12 3,325.34 2,798.63 2,927.91 3,644.69

Long Term Provisions 2,543.94 2,113.56 1,918.18 1,961.21 2,024.74

Total Non-Current Liabilities 44,455.56 42,683.14 39,175.00 35,717.16 36,475.07

CURRENT LIABILITIES

Short Term Borrowings 0.00 7,857.27 8.09 669.88 3,239.67

Trade Payables 10,638.59 10,600.96 10,969.56 11,242.75 10,717.44

Other Current Liabilities 17,600.30 11,749.21 13,837.77 12,959.43 8,398.62

Short Term Provisions 1,074.43 663.86 778.23 735.28 700.60

Total Current Liabilities 29,313.32 30,871.30 25,593.65 25,607.34 23,056.33

Total Capital And Liabilities 165,035.99 150,392.56 137,498.36 125,114.34 111,465.41

ASSETS

NON-CURRENT ASSETS

Tangible Assets 67,938.29 70,505.66 70,416.82 70,942.90 71,778.97

Intangible Assets 839.33 727.72 805.20 786.18 788.18

Capital Work-In-Progress 10,057.18 8,070.41 5,686.02 5,641.50 6,125.35

Intangible Assets Under Development 408.79 176.64 110.27 31.77 38.61

Fixed Assets 79,243.59 79,480.43 77,018.31 77,402.35 78,731.11

Non-Current Investments 51,066.27 46,860.91 38,929.25 9,636.56 8,355.90

Long Term Loans And Advances 7,509.33 199.26 231.16 213.50 211.97

Other Non-Current Assets 3,460.50 3,842.77 4,284.06 3,218.02 4,056.03

Total Non-Current Assets 141,279.69 130,383.37 120,462.78 90,470.43 91,355.01

CURRENT ASSETS

Current Investments 6,404.46 3,235.16 477.47 14,640.37 5,309.81

Inventories 8,603.79 10,716.66 11,255.34 11,023.41 10,236.85

Trade Receivables 3,863.31 1,016.73 1,363.04 1,875.63 2,006.52

Cash And Cash Equivalents 1,671.71 1,226.87 718.11 4,696.74 970.31

Short Term Loans And Advances 1,555.95 1,607.32 55.92 74.13 27.14

OtherCurrentAssets 1,657.08 2,206.45 3,165.70 2,333.63 1,559.77

Total Current Assets 23,756.30 20,009.19 17,035.58 34,643.91 20,110.40

Total Assets 165,035.99 150,392.56 137,498.36 125,114.34 111,465.41

OTHER ADDITIONAL INFORMATION

CONTINGENT LIABILITIES, COMMITME TS

Contingent Liabilities	33,058.37	32,650.32	34,622.43	28,359.61	25,991.16
CIF VALUE OF IMPORTS					
Trade/Other Goods	8,902.53	12,381.28	14,519.26	13,355.43	10,298.00
EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	365.71	509.47	450.04	334.94	447.38
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	-	-	-	-	-
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	-	-	-	5,898.19	3,996.55
Other Earnings	9,241.88	6,314.97	6,497.94	-	-
BONUS DETAILS					
Bonus Equity Share Capital	252.97	252.97	252.97	252.97	252.97
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	537.85	204.31	448.61	497.21	4,422.17
Non-Current Investments Unquoted Book Value	27,950.42	20,078.19	34,042.88	20,113.48	5,845.71
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	-	-	-	-	-
Current Investments Unquoted Book Value	6,404.46	3,235.16	477.47	-	-

Source : Dion Global Solutions Limited

Steel Authority of India

Previous Years »

Standalone Balance Sheet

----- in Rs. Cr. -----

	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	4,130.53	4,130.53	4,130.53	4,130.53	4,130.53
Total Share Capital	4,130.53	4,130.53	4,130.53	4,130.53	4,130.53
Reserves and Surplus	39,364.35	35,646.85	34,021.04	31,583.14	31,878.53
Total Reserves and Surplus	39,364.35	35,646.85	34,021.04	31,583.14	31,878.53
Total Shareholders Funds	43,494.88	39,777.38	38,151.57	35,713.67	36,009.06
NON-CURRENT LIABILITIES					
Long Term Borrowings	19,725.96	34,560.03	30,802.66	29,777.16	19,087.48
Other Long Term Liabilities	6,196.93	1,699.76	1,590.63	1,324.07	1,524.58
Long Term Provisions	1,253.16	4,108.80	4,295.41	3,973.28	3,593.94
Total Non-Current Liabilities	27,176.05	40,368.59	36,688.70	35,074.51	24,206.00
CURRENT LIABILITIES					
Short Term Borrowings	15,850.24	16,640.78	10,631.22	12,244.32	19,813.04
Trade Payables	7,014.41	6,320.38	7,257.99	7,540.50	5,219.20
Other Current Liabilities	21,584.24	19,635.75	21,399.48	21,312.62	18,377.40
Short Term Provisions	2,039.84	2,354.93	2,308.77	2,304.18	2,914.77
Total Current Liabilities	46,488.73	44,951.84	41,597.46	43,401.62	46,324.41
Total Capital And Liabilities	117,159.66	125,097.81	116,437.73	114,189.80	106,539.47
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	66,169.39	67,574.50	59,907.26	57,156.09	48,762.03
Intangible Assets	1,429.28	1,443.42	1,450.86	1,454.63	1,522.58
Capital Work-In-Progress	8,878.48	8,751.56	16,013.50	18,395.43	23,275.39
Other Assets	1.09	1.12	1.09	0.83	0.86
Fixed Assets	76,478.24	77,770.60	77,372.71	77,006.98	73,560.86
Non-Current Investments	1,595.01	1,584.98	1,584.75	1,491.30	1,395.48
Deferred Tax Assets [Net]	0.00	2,078.99	2,898.38	4,185.27	4,005.84
Long Term Loans And Advances	756.23	664.59	563.98	451.46	453.52
Other Non-Current Assets	2,117.80	2,080.20	1,768.64	1,416.59	1,578.35
Total Non-Current Assets	80,947.28	84,179.36	84,188.46	84,551.60	80,994.05
CURRENT ASSETS					
Inventories	19,508.30	23,747.20	19,441.80	16,996.67	15,711.35
Trade Receivables	7,124.00	8,812.39	4,495.05	3,869.94	2,921.69
Cash And Cash Equivalents	680.52	363.25	219.42	254.06	289.09
Short Term Loans And Advances	50.47	49.67	53.24	63.41	61.47
OtherCurrentAssets	8,849.09	7,945.94	8,039.76	8,454.12	6,561.82
Total Current Assets	36,212.38	40,918.45	32,249.27	29,638.20	25,545.42

Total Assets	117,159.66	125,097.81	116,437.73	114,189.80	106,539.47
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	47,462.92	50,723.81	37,336.25	0.00	0.00
CIF VALUE OF IMPORTS					
Raw Materials	16,533.80	22,734.24	25,857.51	3,771.22	0.00
EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	137.05	139.67	259.23	180.62	0.00
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	-	-	-	-	-
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	-	-	-	-	-
Other Earnings	6,109.57	3,619.68	2,872.64	2,243.70	-
BONUS DETAILS					
Bonus Equity Share Capital	-	-	-	-	-
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	-	5.06	22.34	15.80	13.30
Non-Current Investments Unquoted Book Value	1,622.54	1,579.92	1,583.14	1,475.50	1,382.18
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	-	-	-	-	-
Current Investments Unquoted Book Value	-	-	-	-	-

Source : Dion Global Solutions Limited

JSW Steel

Standalone Balance Sheet

	----- in Rs. Cr. -----				
	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	302.00	301.00	301.00	302.00	301.00
Preference Share Capital	0.00	0.00	231.00	0.00	0.00
Total Share Capital	302.00	301.00	532.00	302.00	301.00
Reserves and Surplus	46,675.00	38,061.00	34,592.00	27,605.00	23,797.00
Total Reserves and Surplus	46,675.00	38,061.00	34,592.00	27,605.00	23,797.00
Total Shareholders Funds	46,977.00	38,362.00	35,124.00	27,907.00	24,098.00
NON-CURRENT LIABILITIES					
Long Term Borrowings	39,551.00	39,247.00	27,435.00	29,551.00	28,358.00
Deferred Tax Liabilities [Net]	3,095.00	1,315.00	3,331.00	2,071.00	1,329.00
Other Long Term Liabilities	5,816.00	7,202.00	5,113.00	702.00	972.00
Long Term Provisions	753.00	322.00	235.00	115.00	74.00
Total Non-Current Liabilities	49,215.00	48,086.00	36,114.00	32,439.00	30,733.00
CURRENT LIABILITIES					
Short Term Borrowings	1,285.00	6,813.00	5,371.00	2,172.00	4,875.00
Trade Payables	12,150.00	13,354.00	13,128.00	13,988.00	11,604.00
Other Current Liabilities	23,362.00	15,363.00	17,635.00	8,934.00	9,517.00
Short Term Provisions	243.00	64.00	53.00	111.00	132.00
Total Current Liabilities	37,040.00	35,594.00	36,187.00	25,205.00	26,128.00
Total Capital And Liabilities	133,232.00	122,042.00	107,425.00	85,551.00	80,959.00
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	50,328.00	50,219.00	51,600.00	49,503.00	50,215.00
Intangible Assets	1,614.00	323.00	172.00	65.00	51.00
Capital Work-In-Progress	28,914.00	23,810.00	10,099.00	3,071.00	2,745.00
Intangible Assets Under Development	128.00	331.00	344.00	321.00	282.00
Fixed Assets	80,984.00	74,683.00	62,215.00	52,960.00	53,293.00
Non-Current Investments	12,458.00	5,999.00	5,397.00	4,878.00	4,750.00
Long Term Loans And Advances	5,382.00	8,705.00	7,675.00	5,165.00	2,771.00
Other Non-Current Assets	4,705.00	3,280.00	3,740.00	3,295.00	2,347.00
Total Non-Current Assets	103,529.00	92,667.00	79,027.00	66,298.00	63,161.00
CURRENT ASSETS					
Current Investments	0.00	0.00	0.00	0.00	300.00
Inventories	10,692.00	9,623.00	10,815.00	10,082.00	9,270.00
Trade Receivables	3,333.00	3,166.00	6,770.00	4,692.00	3,948.00
Cash And Cash Equivalents	11,746.00	11,401.00	5,813.00	601.00	1,027.00
Short Term Loans And Advances	733.00	321.00	136.00	158.00	121.00
OtherCurrentAssets	3,199.00	4,864.00	4,864.00	3,720.00	3,132.00
Total Current Assets	29,703.00	29,375.00	28,398.00	19,253.00	17,798.00
Total Assets	133,232.00	122,042.00	107,425.00	85,551.00	80,959.00
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	51,081.00	37,064.00	28,317.00	20,744.00	14,927.00

CIF VALUE OF IMPORTS

Raw Materials	12,975.00	15,444.00	21,937.00	0.00	0.00
Stores, Spares And Loose Tools	564.00	872.00	1,321.00	0.00	0.00
Capital Goods	1,734.00	4,382.00	3,121.00	0.00	0.00

EXPENDITURE IN FOREIGN EXCHANGE

Expenditure In Foreign Currency	1,741.00	1,981.00	1,636.00	22,617.00	17,595.00
---------------------------------	----------	----------	----------	-----------	-----------

REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS

Dividend Remittance In Foreign Currency	-	-	-	-	-
---	---	---	---	---	---

EARNINGS IN FOREIGN EXCHANGE

FOB Value Of Goods	14,205.00	9,580.00	7,604.00	10,938.00	10,149.00
Other Earnings	122.00	97.00	-	-	-

BONUS DETAILS

Bonus Equity Share Capital	-	-	-	-	-
----------------------------	---	---	---	---	---

NON-CURRENT INVESTMENTS

Non-Current Investments Quoted Market Value	750.00	364.00	619.00	-	-
Non-Current Investments Unquoted Book Value	5,032.00	878.00	798.00	1,030.00	978.00

CURRENT INVESTMENTS

Current Investments Quoted Market Value	-	-	-	-	-
Current Investments Unquoted Book Value	-	-	-	-	300.00

Source : **Dion Global Solutions Limited**

ANNUEXURE 2 – ARTICLE

A STUDY ON WORKING CAPITAL MANAGEMENT AND PROFITABILITY ANALYSIS OF SELECTED STEEL COMPANIES IN INDIA

Mr.PREM KUMAR.I B.Com,MBA,
School of Management Studies, Sathyabama Institution Of Science and Technology
Chennai, Tamilnadu, South India
premmass401@gmail.com

Dr. Princy. A. S, M.B.A, Ph. D
Assistant Professor,School of Management Studies, Sathyabama Institution Of Science and Technology
Chennai, Tamilnadu, South India
princy.soms@sathyabama.ac.in

ABSTRACT

Working capital may be regarded as the lifeblood of a business. Its effective provision can do much to ensure the success of business. Its inefficient management can lead not only to loss of profits but also to the downfall of a business. A study of working capital is of major importance to internal and external analysis because of its close relationship with the current day-to-day operations of a business. Every business needs funds for two purposes for its establishment and to carry out its day-to-day operations. Long-term funds are required to create production facilities through purchase of fixed assets such as plant and machinery, land, building, furniture. Funds are also needed for short- term purpose for the purchase of raw materials, payment of wages and other day to-day expenses. 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. It is the drawback to get lost position in their analysis.

INTRODUCTION

Every business needs funds for two purposes-for its establishment and to carry out its day -to -day operations. Long – term funds are required to create production

facilities through purchase of fixed assets such as plant and machinery, land, building, furniture, etc. investments in these assets represent that part of firm's capital which is blocked on a permanent fixed basis and is called fixed capital. Funds are also needed for short – term purposes for the purchases of raw materials, payment of wages and other day- to- day expenses, etc. these funds are known as working capital. In simple words, working capital refers or that part of the firm's capital which is required for financing short term or current assets such as cash, marketable securities, debtors and inventories. Funds, thus, invested in current assets keep revolving fast and are being constantly converted into cash and this cash flow out again in exchange for other current assets. The networking capital of a firm may be positive or negative.

Hence, it is also known as revolving or circulating capital. The circular flow concept of working capital is based upon this operating or working capital cycle of a firm. The cycle starts with the purchase of raw material and other resources and ends with the realization of cash from the sales of finished goods. The speed/time duration required to complete one cycle determines the requirements of working capital - longer the period of cycle, larger is the requirement of working capital.

II. REVIEW OF LITERATURE

A literature review is a critical and in-depth evaluation of previous research. It is a summary and synopsis of a particular research, allowing anybody

reading the paper to establish why the study is pursuing this particular research.

- **Lambrix and Singhvi (1979)** adopting the working capital cycle approach to the working capital management, also suggested that investment in working capital could be optimized and cash flows could be improved by reducing the time frame of the physical flow from receipt of raw material to shipment of finished goods, i.e. inventory management, and by improving the terms on which firm sells good as well as receipt of cash.
- **Welter, in his study (1970),** stated that working capital originated because of the global delay between the moment expenditure for purchase of raw material was made and the moment when payment was received for the sale of finished product. Delay centres are located throughout the production and marketing functions.
- **Kamta Prasad Singh, Anil Kumar Sinha and Subas Chandra Singh (1986)** examined various aspects of working capital management in fertilizer industry in India during the period 1978-79 to 1982-93. Sample included public sector unit, Fertilizer Corporation of India Ltd. (FCI) and its daughter units namely Hindustan Fertilizers Corporation Ltd., the National Fertilizer Ltd., Rashtriya Chemicals and Fertilizers

Ltd. and Fertilizer (Projects and Development) India Ltd. and comparing their working capital management results

- **Sagan in his paper (1955)**, perhaps the first theoretical paper on the theory of working capital management, emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. He realized the need to build up a theory of working capital management. He discussed mainly the role and functions of money manager inefficient working capital management. Sagan pointed out the money manager's operations were primarily in the area of cash flows generated in the course of business transactions.

III. MATERIAL AND METHODS

A. OBJECTIVE OF STUDY

- ❖ To study the financial position of the steel companies.
- ❖ To review the profitability position of the Indian steel companies.
- ❖ To compare the financial performance and find the growth trend of the steel companies.
- ❖ To evaluate profitability related to sales of steel companies

B. RESEARCH DESIGN

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It constitutes the blueprint for the collection, measurement and analysis of data.

C. PERIOD OF STUDY

The duration taken by the researcher for the data collection and analysis regarding the ratio analysis of selected steel India companies for 3 months. The data used are of last five years from 2017-2021.

D. METHOD OF COLLECTION

The study basically use primary and secondary data. Primary data means data which is fresh collected data. Secondary data means the data that are already available. Generally speaking, which have already been processed when the researcher utilizes secondary data.

E. TOOLS USED IN THE RESEARCH

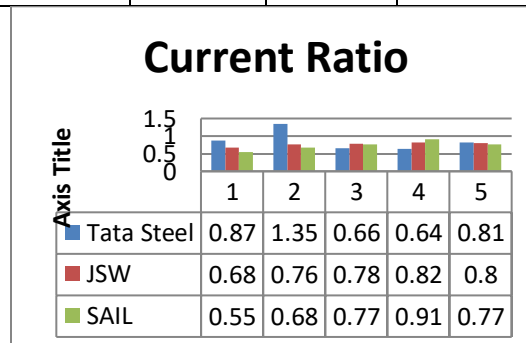
A ratio is the quotient of two mathematical expressions and the relationship between two or more numbers. In financial analysis, a ratio is used as an index or yardstick for evaluating the financial position and performance of a firm.

IV. DATA ANALYSIS

CURRENT RATIO

Table No 1

Year	Tata Steel	JSW	SAIL
2017	0.87	0.68	0.55
2018	1.35	0.76	0.68
2019	0.66	0.78	0.77
2020	0.64	0.82	0.91
2021	0.81	0.80	0.77



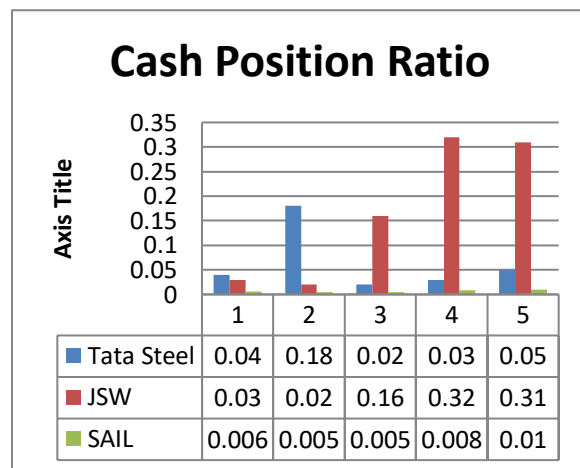
INTERPRETATION

The above table shows that the current ratio comparison between Tata steel; JSW and SAIL in 2017 – 2021 Tata steel is top in 5 yrs in this 3 company.

Cash Position Ratio

TABLE NO: 1.2

Year	Tata Steel	JSW	SAIL
2017	0.04	0.03	0.006
2018	0.18	0.02	0.005
2019	0.02	0.16	0.005
2020	0.03	0.32	0.008
2021	0.05	0.31	0.01



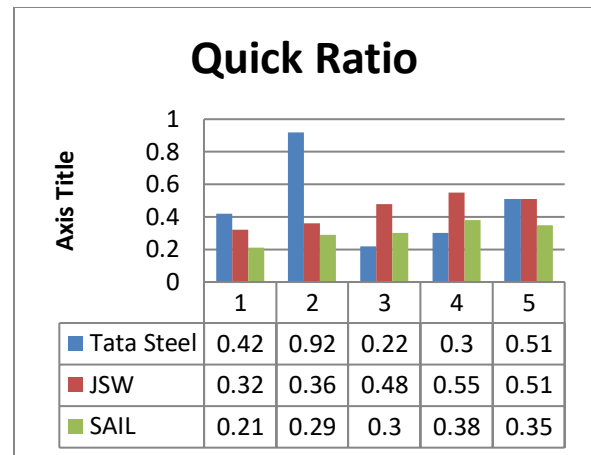
INTERPRETATION

In Cash Position Ratio in 2017-2018 Tata steel is greater than other 2 company.; 2019-2021 JSW is Higher than two company.

QUICK RATIO

TABLE NO: 1.3

Year	Tata Steel	JSW	SAIL
2017	0.42	0.32	0.21
2018	0.92	0.36	0.29
2019	0.22	0.48	0.3
2020	0.3	0.55	0.38
2021	0.51	0.51	0.35



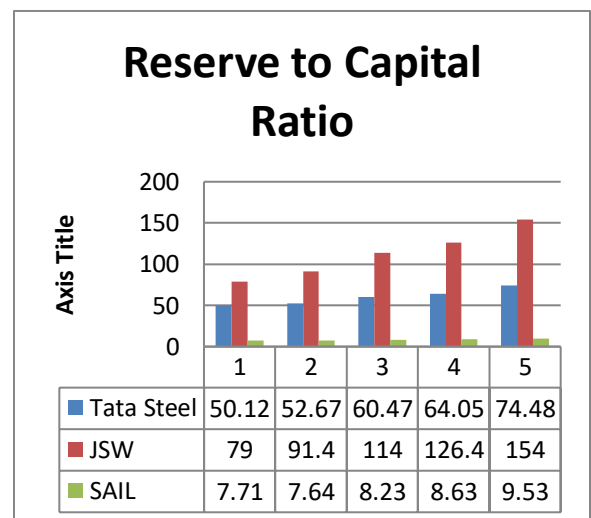
INTERPRETATION

In Quick Ratio 2017-2018 Tata steel is higher than two companies; 2019-2020 JSW is higher than other company; 2021 Tata steel and JSW are same ratio.

RESERVE TO CAPITAL RATIO

TABLE NO: 1.4

Year	Tata Steel	JSW	SAIL
2017	50.12	79.0	7.71
2018	52.67	91.4	7.64
2019	60.47	114	8.23
2020	64.05	126.4	8.63
2021	74.48	154	9.53



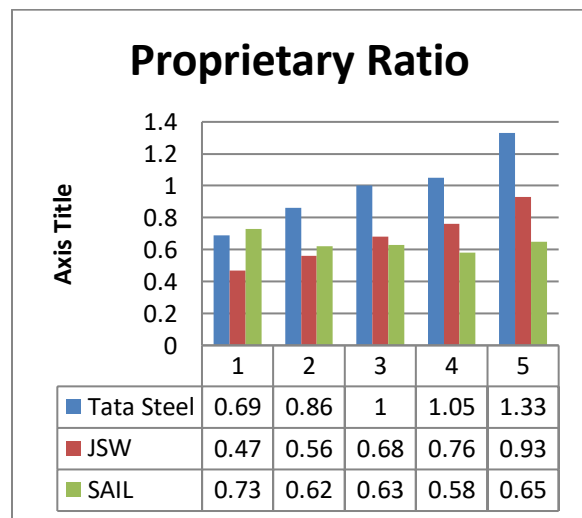
INTERPRETATION

In Reserve to Capital Ratio 2017 -2021 JSW is the highest Ratio compare between Tata steel and SAIL.

PROPRIETARY RATIO

Table No 1.5

Year	Tata Steel	JSW	SAIL
2017	0.69	0.47	0.73
2018	0.86	0.56	0.62
2019	1.00	0.68	0.63
2020	1.05	0.76	0.58
2021	1.33	0.93	0.65



INTERPRETATION

In Proprietary Ratio SAIL is highest in 2017 (0.73); in 2018-2021 Tata steel is the highest ratio compare between JSW and SAIL.

SUGGESTION

☉ 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.

☉ JSW 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 JSW however it can earn more profit or achieve high profit volume

CONCLUSION

- ❖ After the analysis of various data, related to selected steel companies in India founded in theoretical statement, it clear that working capital and profitability more or less depends upon the better utilization of resources, cut-off 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.

REFERENCE

1. John Sagan, "Towards a Theory of Working Capital Management", The Journal of Finance, May 1955, pp. 121-129
2. Kamta Prasad Singh, Anil Kumar Sinha and Subas Chandra Singh, Management of Working Prakashan, New Delhi, 1986.
3. DR.S.N. Maheswari, Principles of Management Accounting Published Sultan Chand&Thirteen edition, 2001.
4. T.S.Reddy and Y.Hari Prasad Reddy, Management Accounting Publisher MarghamPublication.
5. Shashi K. Gupta and AnujGuptha,

Financial Management Published Kalyani Publishers.

6. N.K. Agarwal, Management of Working Capital,
Sterling Publication Pvt. Ltd., New Delhi, 1983.
Annual Reports from 2008–2012 of
Companies Websites
www.sail.co.in, www.jsw.in, www.nseindia.com, www.moneycontrol.com, www.lioyds.org, www.tatasteel.com, www.kalyani steel.com