



# A STUDY ON FINANCIAL PERFORMANCE OF JSW STEELS LTD

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## ABSTRACT

This study examines the financial performance of JSW Steel Ltd, one of the leading steel company in India. Using financial statements for the period from 2017 to 2022, key financial ratios such as profitability, Liquidity, solvency and Turn over ratio are analyzed to assess the company's financial health. This study finds that JSW Steel Ltd profitability has fluctuations in these ratios over different years, highlighting the highest and lowest percentages achieved by the company. These ratios provide insights into the company's financial performance and efficiency in managing its resources, such as inventory and liquidity. The significant changes in some ratios, such as the operating ratio, indicate potential operational challenges, whereas the increase in EPS ratio suggests potential growth in earnings per share. Overall, these ratios provide valuable information to investors and stakeholders to make informed decisions about the company's financial health and future prospects.

## INTRODUCTION

Financial statement analysis is the process of analysing a Company's financial statements for decision-making purposes. The purpose of financial performance analysis is to provide insights into a company's financial performance, identify areas of improvement, and make informed decisions about future investments. By analysing a company's financial statements and data, investors, analysts, and other stakeholders can determine the company's profitability, liquidity, solvency, and efficiency.. These statements contain significant financial data covering all aspects of a business's activities, allowing them to be evaluated based on past, present, and future performance. This analysis helps to determine the creditworthiness of the bank.

## STATEMENT OF THE PROBLEM

Banking facilities are growing day by day and many private sector companies were introduced. So, the research conducted on these private companies are increasing. Though there are many research conducted on public sector companies, they don't concentrate on other public sector companies. Proper maintenance of financial statements is crucial for ensuring the stability of a companies financial performance. By conducting ratio analysis, the financial data can be summarized, and qualitative assessments can be made about the Steel companies financial position and performance.

## OBJECTIVES OF THE STUDY

- To study and evaluate profitability analysis of JSW STEELS Ltd.
- To analyse the liquidity position of JSW STEELS Ltd
- To analyze the solvency position of JSW STEELS Ltd.

## RESEARCH METHODOLOGY

<b>Nature of Data</b>	Secondary data
<b>Source of Data</b>	Financial Statement
<b>Period of Study</b>	2017-18 to 2021-22
<b>Tools</b>	Ratio Analysis



## REVIEW OF LITERATURE

- **Dr. P. Chellasamy, Mr. R. Selvakumar (2019)** stated their study as “Profitability Analysis of select Steel Companies in India, The primary objective was to analyze the profitability Position of the firm for five years from 2006 to 2010. The researcher used the secondary data Collected from the profitability analysis of respective industries. Some ratio analysis tools like Arithmetic mean, standard deviation, Co-efficient of variation, compound annual growth rate Panel unit root tests and Co integration Test were analyzed by the researchers. The researchers conclude that the financial position of the steel companies was not satisfactory. So the steel companies should design a balanced capital structure, use fixed Assets efficiently, adopt credit policies, apply modern inventory and cash management systems and control operating costs to improve and maintain the financial performance in future.
- **Ms Saysha Lakhina, Dr Manish Didwania, (2022)** stated their as “A Performance Of Selected Companies of Iron and Steel Industry in India: In Special Reference to Profitability And Liquidity”. The primary objective was to analyse the profitability position of the firm for the period of Ten years starting from 2011 to 2020. Some ratio analysis tools like Mean and standard Deviation were analysed by the researcher. The researcher concludes that the study provides useful insights of the iron and steel industry of India which would help government and investors for making informed decisions, this will also help the company to formulate and reframe their corporate and functional policies and lastly will also be a useful addition to the treasure of literature on the subject matter.

## ANALYSIS AND INTERPRETATION

Year	Return On Investment Ratio	Net Profit Ratio	Earnings Per share Ratio	Proprietary Ratio	Current Ratio	Inventory Turnover Ratio
2017-18	2.60	0.81	2.5	0.52	0.98	6.57
2018-19	3.89	0.65	3.1	0.68	0.79	7.14
2019-20	1.80	0.95	1.71	0.76	0.81	6.68
2020-21	4.16	0.64	3.29	0.90	0.83	6.61
2021-22	8.11	0.79	8.2	0.91	0.90	5.65

## FINDINGS, SUGGESTIONS AND CONCLUSION

### FINDINGS

1. The Return on Investment ratio for a company was analysed over the period 2017-18 to 2021-22. The company achieved the highest percentage of 8.11 in 2021-22 and the lowest percentage of 4.7 in 2019-20.
2. Net profit ratio had the highest percentage of 0.95% in 2019-20 and the lowest percentage Of 0.64% in 2020-21.
3. Earnings per share (EPS) ratio showed a significant increase from 1.71 in 2019-20 to 8.2 in 2021-22, indicating potential growth in earnings per share.
4. Current ratio had the highest percentage of 0.98 in 2017-19, indicating a better ability to meet short-term obligations, and the lowest percentage of 0.79 in 2018-19.
5. Inventory turnover ratio had the highest percentage of 7.14 in 2018-19, indicating higher efficiency in managing inventory, and the lowest percentage of 5.65 in 2021-22.

### SUGGESTIONS

1. The Company should implement cost control measures such as budgeting, expense tracking, and process improvements to improve its operating profit margin. The Company should identify areas where operating expenses can be reduced without affecting the quality of operations or customer service.
2. The Company should regularly review and renegotiate contracts with suppliers, service providers, and other vendors to ensure favorable terms and conditions. The Company should review its cost structure, pricing strategy, and revenue streams to identify areas where profitability can be enhanced.
3. The Company should analyze the factors that contributed to the higher ratio in this Study and identify strategies to sustain or improve those results in future years. The Company should review its dividend policy and consider retaining more earnings for Reinvestment in the business to support future growth. The Company should analyze the factors that contributed to the higher current ratio.



## CONCLUSION

In conclusion, The company's financial performance showed variation in various ratios during the period taken in the study, with ups and downs in the study. It is important for the Company to analyze the reasons behind these fluctuations and take appropriate measures to improve its financial Performance in the future. . Therefore, the Company should proactively Monitor and analyze its financial ratios, identify areas for improvement, and take necessary steps to enhance its financial stability and sustainability in the long run.

## REFERENCE

1. Dr. P. Chellasamy, Mr. R. Selvakumar, *Profitability Analysis of Select Steel Companies in India, International Journal of Commerce, Vol-7, Issue-1, February-2019, Ppno-1-12, ISSN-2320-4168.*
2. Ms Sayesha Lakhina, Dr Manish Didwania, *Performance of Selected Companies of Iron and Steel Industry in India: In Special Reference to Profitability And Liquidity, Vol- 6, Issue No- 4, Ppno- 11733- 11746, 2022, ISSN NO- 11733 – 11746.*

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## WEBSITE

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