

FINANCIAL PERFORMANCE ANALYSIS OF TATA STEEL LTD.



Research Project Submitted in Partial Fulfillment of the Requirements for the

Degree of
B. COM Honors

by
Girish G Rolli
to the

DEPARTMENT OF COMMERCE

G. P. PORWAL ARTS, COMMERCE & V. V. SALIMATH SCIENCE

COLLEGE, SINDAGI - 586128



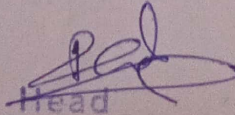
April, 2021

Submitted by

GIRISH G ROLLI

Guided by

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CERTIFICATE

It is certified that the work contained in the project report titled "Financial performance analysis of Tata steel ltd," by "Girish Rolli" has been carried out under my/our supervision and that this work has not been submitted elsewhere for a degree*

Signature of Supervisor:

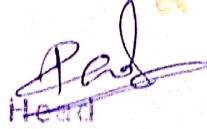
Name: **Prakash Teju Rathod**

Department: Commerce

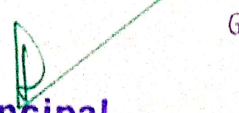
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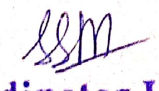
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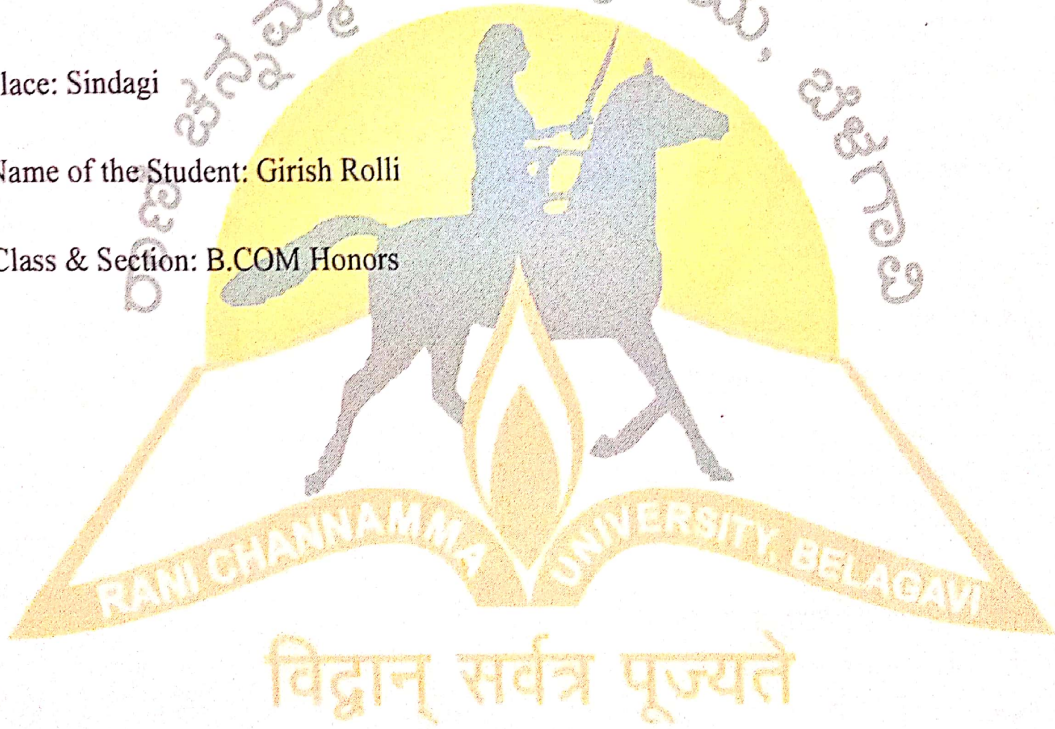
DECLARATION

I hereby declare that this project report entitled "Financial performance analysis of Tata steel ltd." was carried out by me for the degree of B.COM Honors under the guidance and supervision of **Prakash Teju Rathod**, Assistant Professor of Department of Commerce & HOD of Commerce, **G. P. PORWAL ARTS, COMMERCE & V. V. SALIMATH SCIENCE College**. The interpretations put forth are based on my reading and understanding of the original texts and they are not published anywhere in any form. The other books, articles and websites, which I have made use of are acknowledged at the respective place in the text. This research report is not submitted for any other degree or diploma in any other University.

Place: Sindagi

Name of the Student: Girish Rolli

Class & Section: B.COM Honors



CHAPTER-I

INTRODUCTION

1.1 Rationale of the study

Analysis of financial statement is a systematic process of critical evaluation of the financial information given in financial statement so that these information may be understood properly. For the purpose of analysis individual items are studied, their relationship with other relevant figures is established and the data are sometime re-arranged to have better understanding of the information with the help of various tools for the purpose.

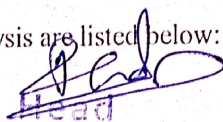
According to Berverd Needles "Financial statement analysis comprises all the technique employed by user of financial statement to show important relationship in the financial statement".

In short it is a technique of X- raying the financial position and the performance of the enterprise.

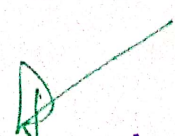
"The analysis and interpretation of financial statement are an attempt to determine the significance and meaning of financial statement data so that the forecast may be made of the prospects for future earning, ability to pay interest and debts maturities and profitability of a sound dividend policy". – Kennedy and mullar

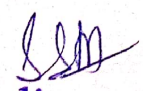
ADVANTAGE OF FINANCIAL STATEMENT ANALYSIS

The advantages of financial statement analysis are listed below:


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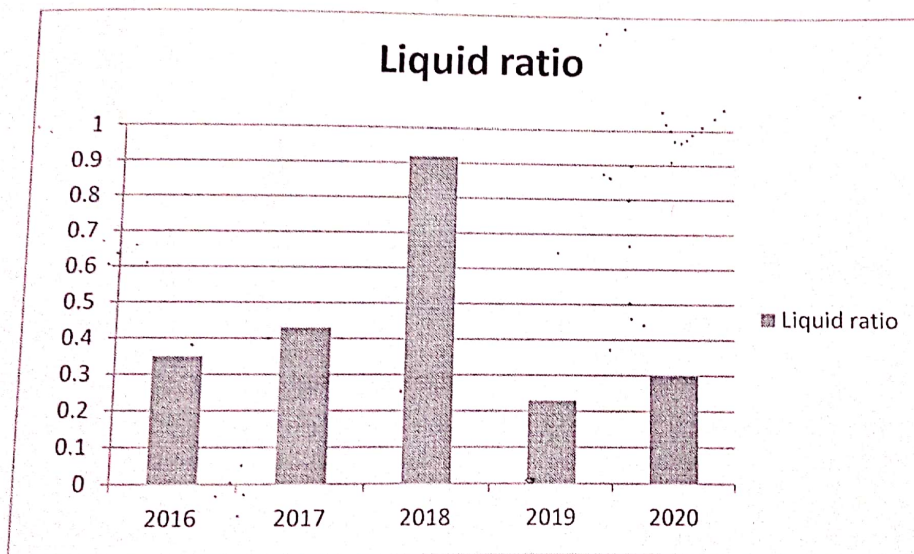

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LIQUID RATIO

Liquid ratio = $\frac{\text{current assets} - \text{inventory} - \text{prepaid expenses}}{\text{current liabilities}}$

(Rs crore)

Year	Liquid assets	Current liabilities	Liquid ratio
2016	7337.68	21087.99	0.35
2017	9873.55	23056.33	0.43
2018	23620.5	25607.34	0.92
2019	5780.24	25593.65	0.23
2020	9292.53	30871.30	0.30



Ratio of 1.1 is said to be the ideal quick ratio. Indicating that company has in its possession enough assets which may be immediately liquidated for paying off the current liabilities. The table shows that the highest liquid ratio of Tata steel is 0.92 in the year 2018 that is not more than the ideal ratio. Hence the liquid ratio of the company is dissatisfactory.

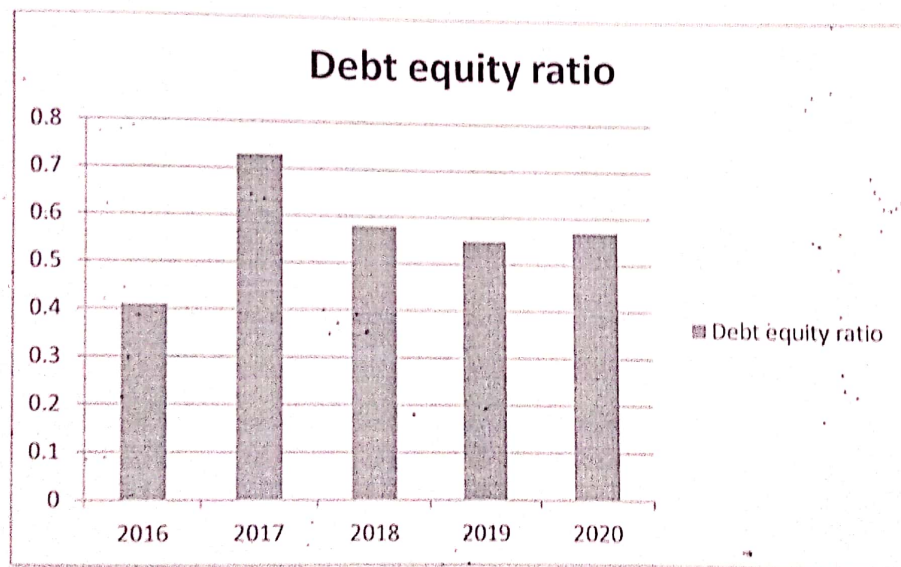
LONG TERM FINANCIAL POSITION RATIO OR SOLVENCY RATIO

DEBT EQUITY RATIO

Debt equity ratio = long term borrowing (Debt) / shareholder funds

(Rs crore)

Year	debt	Shareholders fund	Debt equity ratio
2016	29368.44	70476.72	0.41
2017	36475.07	49659.00	0.73
2018	35717.16	61514.82	0.58
2019	39175.00	70454.71	0.55
2020	42683.14	74563.12	0.57



The debt equity ratio is a financial ratio indicating the relative proportion of shareholders equity and debt used to finance a company assets. Debt to equity ratio greater than 1 indicate the company may be overleveraged. In all the years debt equity ratio of a company is less than 1. Hence the company is good in maintaining its debt position.

5.3 CONCLUSION

Efficient management of finance is very important for the success of an enterprise. Term financial performance is very dynamic term. The subject matter of financial performance has been changing very rapidly. In present time greater importance is given to financial performance. So, here an attempt is made by me to analyze the financial performance of TATA STEEL LTD. While analyzing the financial performance it can be concluded that TATA Steel is performing good in terms of Quick assets, better inventory management, management of fixed assets, gross profit, return on capital employed and dividend payout ratio. These factors plays important role in forming company strategic and operational thinking. Efforts should constantly be made to improve the financial position up to next level of performance in order to make benchmark. This will yield greater efficiencies and improve investor satisfaction. Lastly the policy adopted by government of India under National steel policy (2017) and policy on preference to domestically manufactured iron and steel products is expected to provide the much necessary momentum to the iron and steel sector of the country.

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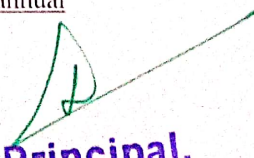
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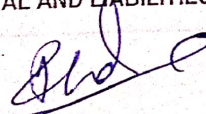

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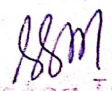

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ANNEXURE

TATA STEEL LTD

BALANCE SHEET OF TATA STEEL (in Rs. Cr.)	MAR 20	MAR 19	MAR 18	MAR 17	MAR 16
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	1,146.13	1,146.12	1,146.12	971.41	971.41
TOTAL SHARE CAPITAL	1,146.13	1,146.12	1,146.12	971.41	971.41
Reserves and Surplus	73,416.99	69,308.59	60,368.70	48,687.59	69,505.31
TOTAL RESERVES AND SURPLUS	73,416.99	69,308.59	60,368.70	48,687.59	69,505.31
TOTAL SHAREHOLDERS FUNDS	74,563.12	70,454.71	61,514.82	49,659.00	70,476.72
NON-CURRENT LIABILITIES					
Long Term Borrowings	31,381.96	26,651.19	24,568.95	24,694.37	23,457.77
Deferred Tax Liabilities [Net]	5,862.28	7,807.00	6,259.09	6,111.27	2,179.83
Other Long Term Liabilities	3,325.34	2,798.63	2,927.91	3,644.69	842.66
Long Term Provisions	2,113.56	1,918.18	1,961.21	2,024.74	2,888.18
TOTAL NON-CURRENT LIABILITIES	42,683.14	39,175.00	35,717.16	36,475.07	29,368.44
CURRENT LIABILITIES					
Short Term Borrowings	7,857.27	8.09	669.88	3,239.67	5,261.02
Trade Payables	10,600.96	10,969.56	11,242.75	10,717.44	7,706.13
Other Current Liabilities	11,749.21	13,837.77	12,959.43	8,398.62	6,115.81
Short Term Provisions	663.86	778.23	735.28	700.60	2,005.03
TOTAL CURRENT LIABILITIES	30,871.30	25,593.65	25,607.34	23,056.33	21,087.99
TOTAL CAPITAL AND LIABILITIES	150,392.56	137,498.36	125,114.34	111,465.41	123,208.15


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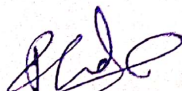


ASSETS**NON-CURRENT ASSETS**

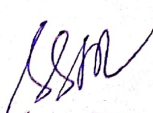
Tangible Assets	70,505.66	70,416.82	70,942.90	71,778.97	24,901.24
Intangible Assets	727.72	805.20	786.18	788.18	527.35
Capital Work-In-Progress	8,070.41	5,686.02	5,641.50	6,125.35	26,982.37
Other Assets	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	79,480.43	77,018.31	77,402.35	78,731.11	52,410.96
Non-Current Investments	46,860.91	38,929.25	9,636.56	8,355.90	52,360.42
Deferred-Tax Assets [Net]	0.00	0.00	0.00	0.00	0.00
Long Term Loans And Advances	199.26	231.16	213.50	211.97	3,787.88
Other Non-Current Assets	3,842.77	4,284.06	3,218.02	4,056.03	227.40
TOTAL NON-CURRENT ASSETS	130,383.37	120,462.78	90,470.43	91,355.01	108,786.66

CURRENT ASSETS

Current Investments	3,235.16	477.47	14,640.37	5,309.81	4,320.17
Inventories	10,716.66	11,255.34	11,023.41	10,236.85	7,083.81
Trade Receivables	1,016.73	1,363.04	1,875.63	2,006.52	632.80
Cash And Cash Equivalents	1,226.87	718.11	4,696.74	970.31	1,014.67
Short Term Loans And Advances	1,607.32	55.92	74.13	27.14	1,243.48
Other Current Assets	2,206.45	3,165.70	2,333.63	1,559.77	126.56
TOTAL CURRENT ASSETS	20,009.19	17,035.58	34,643.91	20,110.40	14,421.49
TOTAL ASSETS	150,392.56	137,498.36	125,114.34	111,465.41	123,208.15


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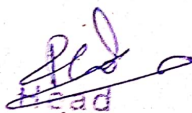

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ANNUAL REPORT

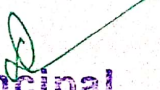
Annual results in brief

(Rs crore)

	Mar ' 20	Mar ' 19	Mar ' 18	Mar ' 17	Mar ' 16
Sales	60,435.97	70,610.92	59,160.79	47,993.02	38,268.67
Operating profit	14,861.57	20,562.94	15,778.96	11,875.95	7,611.79
Interest	3,031.01	2,823.58	2,810.62	2,688.55	1,848.05
Gross profit	12,234.68	20,144.44	13,732.00	9,601.86	6,154.90
EPS (Rs)	58.84	91.90	36.38	35.46	9.84


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