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Chapter – 7
Summary Findings and Suggestions

7.1. Chapter – 1 Conceptual Framework of Financial Efficiency:

Present research indicates the study of “A study of Financial Efficiency of Indian Steel Industry” which is mainly engaged in the production steel. The study is made to analyze financial efficiency of an organization. Financial efficiency describes the ability of a firm to sustain and expand its business while still meeting all its current and future liabilities. It becomes particularly important in difficult market conditions. A sound financials of an organization is been accepted by all the related parties – such as – creditors may relay more trust on the firm which pays the debt on time, banks and money-lenders are ready to lend money for such a company, the credibility of such companies is higher in the market, investors relay more on such companies and ready to keep their investment in such companies even in depression period etc. Financial efficiency is one of the prime requirements for success in the competitive and fast changing environment. In the interest of getting good working results, every enterprise should have a periodical analysis of its performance of efficiency. The objective of this study is to identify the financial performance and study of the efficiency and effectiveness in the use of resources available in the Indian Steel Industry. The importance and usefulness of financial efficiency analysis of business are different for various users of the information such as for Financial Managers, Investors, and Shareholders, Creditors, Employees, Big Business Houses, Government, Society etc. For Financial managers this study is devised to measure the overall effectiveness of their own plans and policies for business. Investors and Shareholders are interested in the current and long term profitability of their investment. The employees, Shareholders, and Government are interested in the profits of a company. The techniques, which are commonly used for the study, are such as ratio analysis, comparative statement analysis etc. Statistical techniques are also used for the purpose and they generally include the average, ANOAV Test, Standard Deviation, Variance etc. Diagrams, Graphs and Charts are also prepared and made use of.
Chapter – 2  An Overview of Indian Steel Industry:

This chapter indicates an overview of Indian Steel Industry with its history and global position in the world for producing Iron and Steel. A brief profile of steel industry is given in this chapter. A brief profile steel industry, which includes the introduction, steel industry that is classified as primary producers and secondary (downstream) producers, introduction of steel industry, history of steel industry, global steel industry, demand of steel in India, supply of steel in India, demand supply mismatch, production of steel in India, cost and revenue concept, export and import, major players of steel, competition analysis, merger and acquisition, expected growth, factor holding back to Indian steel, and factor for financial crisis, critical success factors, global perspective and outlook which includes facts and figure about exports, import and production capital of Indian steel industry. In the last the brief introduction of selected units has been given, which included the ownership of the industry, main product, and incorporation of years. India occupies a central position on the global steel map, with the growing steel capacity, establishment of new state-of-the-art steel mills, and acquisition of global scale capacities by players, continuous modernization and up-gradation of older plants. The Indian steel industry has entered into a new era of development since 2007-08, riding high on the resurgent economy and robust demand for steel. Rapid rise in production has resulted in India becoming the 4th largest producer of crude steel and the largest producer of sponge iron in the world. The Indian steel industry is divided into primary and secondary sectors. The primary sector comprises a few large integrated steel providers producing billets, slabs and hot rolled coils. The secondary sector involves small units focused on the production of value-added products such as cold rolled coils, galvanized coils, angles, columns, beams and other re-rollers, and sponge iron units. Both sectors cater to different market segments. Companies such as Steel Authority of India (SAIL), Rashtriya Ispat Nigam (RINL) and NMDC are responsible for the bulk of the production in the public sector, while companies such as Tata Steel, JSW Steel and Essar Steel are some of the big names in the private sector of the Indian steel industry.
7.3. **Chapter – 3 Literature Review:**

This chapter indicates the available literatures which related to the research done in the area of financial efficiency of Indian Steel Industry other related studies. A “review of the literature” is a classification and evaluation of what accredited scholars and researchers have written on a topic. In writing the literature review, purpose is to convey to reader what knowledge and ideas have been established on a topic, and what their strengths and weaknesses are. It is not just a descriptive list of the material available, or a set of summaries. In order to have proper insight into the various aspects of the problem under study, it will be useful and imperative to review the studies conducted in the past. Till now, many studies have been conducted on the different aspects to measuring the financial efficiency of public and private sectors but it has been rarely tried to work on the problems of these undertakings and suggested for taking out the one or two or some other aspects of finance or focus on other industry. There is wide range of literature available on financial performance analysis of different companies in conforming to its dynamic value and significance of intuitive nature. A good dealing in analytical part of literature exists at broad levels like size and technology, problem associated with productivity, financial performance, and capacity utilization. Relevant existing literature and studies have been clipped below. A researcher has studied this literature for gaining insight into the problem.

In this chapter, the researcher has indicates various research reports, studies, published articles and journals which are related to the financial efficiency and indicating the various measurements of financial efficiency. There are also research reports, thesis and other published articles and journals related to the field of Indian Iron and steel Industry and other published research report. Here also find the gap between the existence research and research done in the present study.

7.4. **Chapter – 4 Research Methodologies:**

The subject of the present study is “A Study of Financial Efficiency of Indian Steel Industry”. The study covers 10 companies Indian Steel Industry from 2003-04 to 2012-13. The study covers large producing – manufacturing companies from Indian Steel Industry. The financial data and history about the selected sample is shown. The study is based on secondary data obtained from www.capitaline.com,
www.bseindia.com, prowess, www.indiabulls.com and annual reports of selected companies obtained from Saurashtra Kutchchh Stock Exchange (SKSE) – Rajkot. The main objective of the present study is to measure the financial Efficiency of the selected companies of Indian Steel industries. This chapter covers problems related to Indian Steel industry, Relevance of the study, Statement of problem, Objectives of study, Hypothesis of the study, Universe of the study, Period of the study, Sampling design, Data collection method, Tools and Techniques which included Various statistical measures like mean, standard deviation, one way-analysis of variance test have been applied to test the validity of two hypotheses namely (1) Null hypothesis (2) Alternative hypothesis., Outline of Study, Finally the limitations of present study have been shown.

7.5. Chapter – 5 Sample Profile of Indian Steel Industry:

The Indian Steel Industry in India plays an important role in development of the Indian economy, which is mainly engaged in manufacturing the Steel and steel products. Therefore, the brief profile of selected samples companies from Indian Steel Industry is given in this chapter which includes Bhushan Steel Ltd., J S W Steel Ltd., Mahindra Ugine Steel Company Ltd., Ratnamani Metals & Tubes Ltd., Steel Authority of India Ltd. (SAIL), Sarda Energy & Minerals Ltd., Tata Steel Ltd., Usha Marine Ltd., Uttam Galva Steels Ltd. and Uttam Value Steel Ltd.. This brief profile includes history of selected companies and year on year growth and financial snapshot of the selected companies.

7.6. Chapter – 6 Data Analysis and Interpretation:

The present study has been made in order to analysis the financial efficiency through ratio of selected steel companies in India. The financial ratios which have been discussed in this chapter are: (1) Current Ratio: (2) Quick Ratio: (3) Debt to Equity Ratio (4) Interest Coverage Ratio: (5) Operating Profit Ratio: (6) Net Profit Ratio: (7) Inventory Turnover Ratio (8) Dividend Payout Ratio: (9) Return on Capital Employed (10) Return on net worth.
7.6.1. Current Ratio:

The current ratio represents the proportion of total current assets to total current liability. This ratio measures the company's ability to pay short-term obligations, if the ratio is 1.5 or more than one indicates sound financial condition of the company. This ratio was the highest for Sarda Energy & Minerals Limited from 2003-04 to 2008-09 from 1.54 to 2.30 year on year where from 200-10 to 2011-12 SAIL has the highest ratio at 1.77 to 1.39 and for 2012-13 Ratnamani Tubes & Metals Limited was at 1.54 and lowest ratio was for Uttam Value Steel Limited for the period 2004-05 to 2007-08 at 0.40 to 0.52 and for 2008-09 to 2010-11 the lowest ratio was for JSW Steel Limited for 2011-12 UVSL was lowest at 0.63 and for 2012-13 Tata Steel was the lowest ratio at 0.65. The average highest was 2.88 where lowest was 0.70 for UVSL.

BSL, MUSCL, RMTL, SAIL, SEML, TSL and UGSL are the more than 1 ratio which indicate high liquidity in the company where, and are the companies which ratios are above 1.00 which also indicates good liquidity position where JSWSL, UML and UVSL was less than 1.00 ratios which indicates this company was poor and precarious liquidity condition. Overall average current ratio of steel industry was 1.07 which was more than 1 which indicates good solvency condition of the industry. The analysis of variance of Current Ratio indicates that there is significant difference between the selected companies but there is no significant difference between the years in relation to the current ratio.

7.6.2. Quick Ratio:

The Quick Ratio is including current assets, which are considered to be quick assets: cash and cash equivalents, short-term marketable securities, and accounts receivable. The Quick ratio measures the short-term Cash liquidity of a business. The ratio is current assets divided by current liabilities; the ratio essentially implies that current liabilities can be liquidated to pay for current liabilities. The quick ratio is 0.8 to 1 is indicating sound liquidity position of the company, with a lower proportion indicating a reduced ability to pay in a timely manner. The ratio was the highest for the three years in SEML from 2003-04 to 2005-06 at 5.16 to 6.45 where for next two year TSL was the highest at 3.23 and 8.92 in 2006-07 and 2007-08. For 2008-09 again SEML was the highest among all the selected companies where RMTL was the highest in
2009-10 at 3.11 and SAIL was in 2010-11 at 2.26 and again RMTL was highest at 2.39 in 2011-12 and SEML was highest in 2012-13 at 2.12. The ratio was the lowest in UGSL for 2003-04 at 0.35 and then next three years UVSL was the remain lowest from 2004-05 to 2006-07 at 0.52 to 0.42 and then for the next two years JSWSL was the lowest from 2007-08 and 2008-09 at 0.41 and 0.35, UML was the lowest for 2009-10 at 0.28, BSL was the lowest at 0.36 in 2010-11 and again UVSL was lowest in 2011-12 at 0.51 and UML was the lowest in 2012-13 at 0.49. The overall the highest average of the ratio was in SEML at 3.76 and the lowest in UVSL at 0.54.

MUSCL, RTML, SAIL, SEML, TSL and UML were the more than 1 ratio which indicates high liquidity position in the company where BSL, JSWSL, UGSL and UVSL were less than 1.00 ratios which indicates this company was poor and precarious liquidity condition. Overall average Quick Ratio of Steel Industry was 1.40 which was more than 1 which indicates good liquidity condition of the industry. The analysis of variance of quick ratio indicates that there is significant difference between the selected companies but there is no significant difference between the years in relation to the quick ratio.

7.6.3. Debt Equity Ratio:

The debt to equity ratio is total liabilities divided by total equity. The debt to equity ratio is a financial leverage ratio. Financial leverage ratios are used to measure a company's ability to handle its long term and short term obligations. Generally acceptable norm of this ratio is 1:1. The ratio was the highest at 4.90 in 2003-04 for JSWSL, where in 2004-05 and 2005-06 UGSL, where from 2006-07 to 2010-11 BSL was the highest debt equity ratio from 2.51 to 2.83, in 2011-12 UVSL was the highest debt equity ratio and in 2012-13 BSL again was the highest debt equity ratio. The ratio was the lowest in UVSL for 2003-04 to 2010-11 at -3.42 to -2.52 and then next year SAIL was the lowest ratio at 0.46 and for 2012-13 RMTL was the lowest at 0.36. The overall the highest average of the ratio was in BSL at 2.66 and the lowest in UVSL at -1.94.

BSL, JSWSL, MUSCL, UML and UGSL were the more than 1 ratio which indicates high ability to fulfill their long term debt in the company where SEML is on 1:1 and fulfilled the minimum requirement of equity to meet their long term debt, where
RMTL, SAIL, TSL and UVSL were less than 1.00 ratios which indicates this company were operating in high risk. Overall average Debt Equity Ratio of Steel Industry was 1.01 which fulfilled the required standard and indicating the soundness of Steel Industry. The analysis of variance of quick ratio indicates that there is significant difference between the selected companies but there is no significant difference between the years in relation to the debt equity ratio.

7.6.4. Interest Coverage Ratio:

The Interest Coverage Ratio represents the proportion of earnings before interest and taxes to total interest on debt. When a company's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the company is not generating sufficient revenues to satisfy interest expenses. The ratio under 1 means, that the company is having problems generating enough cash flow to pay its interest expenses. Ideally you want the ratio to be over 1.5. The ratio was the highest from 2003-04 to 2005-06 at 12.74 to 31.03 for TSL where for next three years from 2006-07 to 2008-09 highest for SAIL at 29.37 to 37.23 RMTL was the highest in 2009-10 at 75.50 where SAIL again highest at 16.15 in 2010-11 and again RMTL highest in 2011-12 and 2012-13 at 10.44 and 17.60. The ratio was the lowest in UVSL for 2003-04 at -2.03 and UML was lowest in 2004-05 at 1.69 and then again UVSL was the lowest ICR from 2005-06 to 2010-11 from -1.88 to -0.43 and then next MUSCL was the lowest for 2011-12 and 2012-13 at 0.37 and -0.22. The overall the highest average of the ratio was in SAIL at 19.95 and the lowest in UVSL at -1.94.

BSL, JSWSL, MUSCL, RMTL, SAIL, SEML, TSL, UML, UGSL and UVSL were the more than 1.5 ratio which indicates high ability to meet the interest cost in future by the company where UVSL were less than 1.5 ratios which indicates this company were operating in high risk and have a high debt burden. Overall average Interest Coverage Ratio of Steel Industry was 6.77 which fulfilled the required standard and indicating the soundness of Steel Industry. The analysis of variance of quick ratio indicates that there is significant difference between the selected companies but there is no significant difference between the years in relation to the Interest Coverage Ratio.
7.6.5. **Operating Profit Margin Ratio:**

The Operating margin ratio or return on sales ratio is the ratio of operating income of a business to its revenue. It is profitability ratio showing operating income as a percentage of revenue. A higher value of operating margin ratio is favorable which indicates that more proportion of revenue is converted to operating income. An increase in operating margin ratio overtime means that the profitability is improving.

The ratio was the highest for 2003-04 at 0.44 for JSWSL where for 2004-05 to 2011-12 TSL was the highest from 0.42 to 0.38 in 2012-13 BSL was the highest OPM at 0.31. The ratio was the lowest in MUSCL for 2003-04 at 0.08 where in 2004-05 was UGSL at 0.10, where from 5005-06 to 2011-12 UVSL was the lowest ratio from 0.06 to 0.04 and in 2012-13 again MUSCL was the lowest at 0.02. The overall the highest average of the operating profit margin ratio was in TSL at 0.39 and the lowest in UVSL at 0.07.

BSL, JSWSL, SAIL, SEML, TSL, and UML, were the higher ratio than the average which indicates high profitability of the company where MUSCL, RMTL, UGSL and UVSL were have lower ratio than the average which indicates weak profitability of this companies. Overall average Operating Profit Margin Ratio of Steel Industry was 0.20 which indicates the profitability of the industry. The analysis of variance of quick ratio indicates that there is significant difference between the selected companies and there is also significant difference between the years in relation to the Operating Profit Margin Ratio.

7.6.6. **Net Profit Margin Ratio:**

The net profit margin ratio represents the proportion of net profits to net sales. It is profitability ratio showing net income as a percentage of revenue. A higher value of net margin ratio is favorable which indicates that more proportion of revenue is converted to net income. A higher net profit margin means that a company is more efficient at converting sales into actual profit.

The ratio was the highest for TSL from 2003-04 to 2012-13 from 0.21 to 0.31. The ratio was the lowest in 2003-04 at -0.04 for MUSCL and then from 2004-05 to 2010-11 for UVSL at -0.02 to -0.05 and for 2011-12 at 0.05 for UGSL and again -0.01 for UVSL. The overall the highest average of the net profit margin ratio was in TSL at 0.31 and the lowest in UVSL at -0.02.
JSWSL, RMTL, SAIL, SEML, and TSL, were have higher than the average which indicates high profitability of the company where BSL, MUSCL, UML and UGSL were have lower ratio than the average which indicates weak profitability of this companies where UVSL have negative profit indicates higher risk. Overall average Operating Profit Margin Ratio of Steel Industry was 0.11 which indicate the good profitability of the industry. The analysis of variance of quick ratio indicates that there is significant difference between the selected companies and there is also significant difference between the years in relation to the Operating Profit Margin Ratio.

7.6.7. Inventory Turnover Ratio:

The Inventory Turnover Ratio showing how many times a company's inventory is sold and replaced over a period. The days in the period can then be divided by the inventory turnover formula to calculate the days it takes to sell the inventory on hand or "inventory turnover days." This ratio should be compared against industry averages. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or ineffective buying. High inventory levels are unhealthy because they represent an investment with a rate of return of zero. It also opens the company up to trouble should prices begin to fall. The ratio was the highest for 2003-04 and 2004-05 at 12.83 and 13.02 for JSWSL where for 2005-06 RMTL was the highest turnover ratio, again for 2006-07 JSWSL was the highest and then after from 2007-08 to 2012-13 UVSL was the highest turnover ratio. The ratio was the lowest from 2003-04 to 2007-08 in UML at 4.15 to 4.22 where in 2008-09 BSL was the lowest at 4.57 and again in 2009-10 UML was the lowest at 3.61, in 2010-11 BSL again lowest at 2.95 and UML again at 2.83 and 2.66 in 2011-12 and 2012-13. The overall the highest average of the Inventory Turnover ratio was in UVSL at 11.73 and the lowest in UML at 4.07.

JSWSL, MUSCL, SEML, TSL, and UVSL, were the higher ratios than the average which indicates two probabilities, one these companies have good sale and second ineffective buying. BSL, RMTL, SAIL, UML and UGSL were have lower ratio than the average which indicates poor sales. Overall average Operating Profit Margin Ratio of Steel Industry was 7.19 which indicate the efficiency of the sales in overall of the steel industry. The analysis of variance of quick ratio indicates that there is significant
difference between the selected companies but there is no significant difference between the years in relation to the Inventory Turnover Ratio

7.6.8. Dividend Payout Ratio:

The Dividend payout ratio measures the relationship between the earnings belonging to the ordinary shareholders and the dividend paid to them. A reduction in dividends paid is looked poorly upon by investors, and the stock price usually depreciates as investors seek other dividend-paying stocks. A stable dividend payout ratio indicates a solid dividend policy by the company's board of directors. RMTL has highest dividend payout ratio in 2003-04 at 22.84 and 2004-05 at 12.83 SEML was the highest ratio, where from 2005-06 to 2007-08 MUSCL was the highest dividend payout ratio from 23.63 to 35.00 and in 2008-09 TSL was the highest ratio at 23.96 and again in 2009-10 MUSCL was the highest ratio at 78.88, in 2010-11 UML was the highest ratio at 32.14 and in 2011-12 SAIL has highest ratio as 24.24 and in 2012-13 UML was again highest paid at 72.89. From 2003-04 to 2012-13 the lowest ratio were UGSL and UVSL as there is 0 payout ratio where in 2003-04 JSWSL, MUSCL and SAIL also have 0 payout ratio, in 2008-09 and from 2010-11 to 2012-13 MUSCL also have 0 payout ratio where SAIL and UML have 0 payout ratio in 2011-12. The overall the highest average of the Dividend Payout Ratio was in 24.58 ratios in UML and the lowest in UGSL and UVSL at 0.

MUSCL, RMTL, SAIL, SEML, TSL, and UML were the higher ratio than the average which indicates soundness profitability of the company and BSL, JSWSL, UGSL AND UVSL were have lower ratio than the average which indicates inefficiency of the organization. Overall average Dividend Payout Ratio of Steel Industry was 12.54 which indicate the overall efficiency of the steel industry. The analysis of variance of Dividend Payout Ratio indicates that there is significant difference between the selected companies but there is no significant difference between the years in relation to the Dividend Payout Ratio.

7.6.9. Return on Capital Employed:

Return on Net Capital Employed is the best test of overall profitability and efficiency of the business firm. A company with high rate of return on capital employed would be in a position to capitalize; e.g. it can take advantage of all favorable market
opportunities. A higher ROCE indicates more efficient use of capita. TSL was the highest ROCE in 2003-04 at 38.18 and in 2004-05 SAIL was the highest ROCE at 68.77 where MUSCL was the highest ROCE at 52.93 in 2005-06 and then again SAIL was the highest ROCE from 2006-07 to 2009-10 from 51.28 to 24.63 and then RMTL was highest ROCE from 2010-11 to 2012-13 at 19.20 to 26.63. The lowest ROCE was UVSL from 2003-04 to 2011-12 by 0.01 to 0.06 and in 2012-13 MUSCL was the lowest, in negative at -0.18. The overall the highest average of the Return on Capital Employed was at 31.89 in SAIL and the lowest in UVSL at 0.01.

JSWSL, MUSCL, RMTL, SAIL, and TSL, were the higher ratio than the average which indicates soundness profitability and efficiency of the company and BSL, SEML UML, UGSL AND UVSL were have lower ratio than the average which indicates inefficiency of the company’s performance. Overall average Return on Capital Employed of Steel Industry was 18.18 which indicate the overall efficiency of the steel industry. The analysis of variance of ROCE indicates that there is significant difference between the selected companies and there is also significant difference between the years in relation to the Return on Capital Employed.

7.6.10. Return on Owners Equity:

This ratio is expressed in terms of percentage of net profit (after interest and taxes) earned on owner's equity. Shareholder's equity includes equity share capital, preference share capital, share premium, revenue and surplus less accumulated losses. Anthony and Reece are of the opinion that this ratio "reflects that how much the firm has earned on the funds invested by the shareholders (either directly or through retained earnings.)." This ratio is, thus, of great interest to the present as well as prospective shareholders and also of great concern to management." As it significantly tells how efficiently the firm is using the resources of the owners i.e. the shareholders of the company. SEML was the highest ROWE in 2003-04 at 0.57 and in 2004-05 SAIL was the highest ROWE at 0.66 where MUSCL was the highest ROWN in 2005-06 at 0.44 and then RMTL was the highest ratio in 2006-07 and 2007-08 at 0.46 and 0.40 and in 2008-09 UVSL was the highest ROWN at 0.39, in 2009-10 BSL was the highest at 0.29 and again UVSL was the highest ROWN in 2010-11 at 0.47 and RMTL was highest at 0.21 in 2011-12 and 2012-13. The lowest ROWE was UVSL in 2003-04 and 2004-05 at 0.01 and -0.24, in 2005-06 and 2006-07 UML was
the lowest ROWE at 0.11 and 0.14 in 2007-08 again UVSL was the lowest at 0.11 and from 2008-09 to 2010-11 and in 2011-12 UVSL was gain at lowest at -0.90 and in 2012-13 MUSCL was the lowest at -0.20. The overall the highest average of the Return on Owners Equity was at 0.29 in SAIL and the lowest in UVSL at 0.05.

BSL, RMTL, SAIL, SEML and TSL, were the higher ratio than the average which indicates soundness profitability and efficiency of the company and JSWSL, MUSCL, UML, UGSL AND UVSL were have lower ratio than the average which indicates inefficiency of the company’s performance. Overall average Return on Owners Equity of Steel Industry was 0.19 which indicate the overall efficiency of the steel industry. The analysis of variance of Return on Owners Equity indicates that there is significant difference between the selected companies and there is also significant difference between the years in relation to the Return on Owners Equity.

7.7. **General Conclusion:**

The profitability ratios - operating profit margin and net profit margin - selected for the study purpose reveals that the operating profit margin of all the selected companies are higher but the overall net profit margin is much lower in comparison to operating profit margin which shows the higher amount of operating expenses for the selected companies.

The ratios – Debt equity ratio and interest coverage ratio representing the owner’s capital and return in comparison to outward debt capital and interest expenditure has been used for the study purpose. The overall interest coverage ratio shows that companies’ earnings are seven times more than their interest expenses. The overall debt equity ratio indicates that companies’ have more debt capital than equity capital. Thus, the companies are exploring the trading on equity advantages very well.

The various ratios like return on capital employed, return on owner’s equity and dividend payout ratio shows the earnings after tax for distribution. The overall return on capital employed for all the selected companies was positive and the overall return on owner’s equity and dividend payout ratio was just below the return on capital employed which shows that the earning to the equity share holders are much higher than the return to debt capital.
The current ratio and quick ratio of the companies of Steel Industry of India represents the ability of the companies to pay the short-term liability. The overall ratio shows that companies’ stock holding is equal to the current liability. Moreover, companies are capable enough to pay off its short-term liabilities quite easily.

7.8. **Suggestions:**

As a researcher based on analysis has found the following suggestions for the betterment of the selected steel group of companies.

1. As, from the above calculations of current ratio and quick ratio there is difference of almost one time of current liabilities, which indicates major part of the stock at companies’ (like SEML, SAIL and TSL) disposal. It should be reduced to a level that will release companies’ unproductive money, which could be utilized in other productive assets, where Current Ratio and Quick Ratio indicates poor liquidity condition of these company JSWSL and UVSL they should increase their ability to fulfill their short term debt.

2. In order to increase the profitability of the companies (like UML, UGSL, UVSL and MUSCL), it is suggested to control the cost of goods sold and operating expenses.

3. The company should try to increase the production so as to get economies of large-scale production. It will assist in raising the rate of return on capital employed.

4. No doubt the companies are taking trading on equity benefit very well but that should try to find other new financial sources that will enhance the trading on equity benefit.

5. The management should try to adopt cost reduction techniques in their companies to get over this critical situation.

6. In order to increase the profitability of the companies, it is suggested to control the cost of goods sold and operating expenses.

7. For regular supply of raw materials and the final product infrastructure facilities are required further improvement.

8. To regularize and optimize the use of cash balance proper techniques may be adopted for planning and control of cash. The investments in inventories should be reduced and need to introduce a system of prompt collection of debts.
9. There is overstaffing in public enterprises. The number of persons employed is more than what is required to run the public enterprises efficiently. This increases the cost and reduces profitability of these enterprises.

10. Improper planning and delays in implementation of projects lead to rise in their cost. So properly planning should be made.

11. The selected Steel Group of Companies is the capital intensive in nature but the policy of purchase of fixed assets should be carefully planned and reviewed so that the funds may be properly utilized.

12. The burden of interest has produced a deteriorating effect and reduced the percentage of net profit. It is suggested that the companies should try to reduce the interest burden gradually by increasing the owner’s fund.

13. Moreover, in the present dynamic competitive world, where the financially sound and technologically forward companies are making their mark in the corporate world, the small and medium scale companies should come forward for strategic mergers with each other - to compete, survive and to succeed in the market.

14. The selected Steel Companies should try to match the amount of working with the sales trends. Where there is a deficit of working capital, they should try to build on adequate amount of working capital. Where, there is an excessive working capital, it should be invested either in trade securities or should be used to repay borrowings.

15. To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets. It is better if the companies can reduce the oversized short-term loans and advances eliminate the risk arranging finance regularly.

16. The net profit margin is much lesser than the operating profit margin, which indicates that the operating cost of selected companies is higher. The companies should try to control such expenses and improve the net profit margin.

17. The government should minimize the subsidy and encourage the capital market for the steel companies.

18. Selected steel companies should try to use properly their operating assets and should try to minimize their non-operating expenses.
19. All these selected steel companies should reduce power and fuel consumption by using low as content coal (imported coal), lignite, agro waste product especially ground nut husk, and beggars should be used as coal substitute.

20. Cost accounting and cost audit should be made mandatory for this units and cost sheet along with annual financing statement should be prepared.