CHAPTER 3
RESEARCH METHODOLOGY

3.1 IDENTIFICATION OF RESEARCH PROBLEM

Glassline: Just as our country made considerable progress in almost all areas after getting freedom, we may note that glassline sector was also an exception. Immediately after independence this country had to rely on other developed countries, mainly for glassline reactor vessels.

India’s industrial progress is due to the development and contribution of many progressing industries like IT, Pharmaceutical, Petro chemical industries so on and so forth. In recent years; for the progress of India, many scholars and thinkers give credit to above mentioned industries. However, certain basic and very important industries which are backbone of such pharmaceutical, petro chemical, fertilizer, food processing industries are being forgotten. Especially Glassline Industry is nowhere in the list in the growth and development of Indian Industry. In the absence of Glassline industry, above mentioned industries cannot grow at a faster rate. As Glass lined industry is also depending on certain industries like engineering industry, steel industry etc. The futures of Glassline Companies are in the hands of such allied industries. Here, an attempt has been made to evaluate the financial performance of Glassline industry and allied industry operating in India.

Glassline Industry plays a vital role in the development of economics of the enterprise as well as country. So the researcher would like to conduct the research on financial aspect of glassline industry. The main purpose of the study is to see the basic Glassline scenario and how this sector financially performs during several previous years.

The glassline industry developed as an independent sector; despite of some difficulties it paved way for progress. This sector faced difficulties in the forms of rigid policies of the Government, price control policy and rising prices of required raw material. In modern time a number of financial problems are faced by the industry and for effective and corrective solution of all problems, some analytical study of the financial performance must be there.

This is a doctoral research agenda on “AN IN-DEPTH STUDY ON FINANCIAL ANALYSIS OF GLASSLINE VESSELS AND ITS ALLIED INDUSTRY IN INDIA”.

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A subject of analysis of financial statement of company is vitally important for the developing country like India. In the present decades, the analysis of the financial statement of business has generated a wide divergence of views among the thinkers and the management experts. The compliance of the condition of corporate governance is the responsibility of the management. The financial manager has to examine, whether the business has followed the guidelines of the government. The analysis of financial statement is very crucial function for financial managers. The business can find out its efficiency and effectiveness of management and to give assurance as to the future viability of the company.

An analysis of the financial statement can highlight a company’s strength and shortcomings. This information can be used by management to improve the performance and by others to predict future results. Financial analysis can be used to predicate how such strategic decisions as a sale of a division, major marketing program or expanding a plant are likely to affect future financial performance.

3.2 NATURE OF RESEARCH WORK

The nature of research is “Analytical.”

3.3 TIME PERIOD

The research is based on the data of 15 years. The researcher has analyzed the data of last 15 years commencing from 1996 to 2010.

3.4 OBJECTIVES OF THE STUDY

The Financial analysis of selected companies of the Glassline industry and allied industry has been undertaken with the following objectives.

1. To analyze and interpret financial statements of selected glassline companies and allied companies.
2. To study the financial performance of selected glassline companies and allied companies.
3. To make the comparative study of the financial performance of selected glassline and allied companies.
4. To assess in depth the liquidity, efficiency and profitability of selected companies.
5. To make suggestions for improving financial position of selected companies.
3.5 FORMULATION OF HYPOTHESIS

H₀ : There is no significant difference in mean Liquid Ratio between selected companies.

H₁ : There is significant difference in mean Liquid Ratio between selected companies.

H₀ : There is no significant difference in mean Activity Ratio between selected companies.

H₁ : There is significant difference in mean Activity Ratio between selected companies.

H₀ : There is no significant difference in mean Profitability Ratio between selected companies.

H₁ : There is significant difference in mean Profitability Ratio between selected companies.

H₀ : There is no significant difference in mean Capital Structure Ratio between selected companies.

H₁ : There is significant difference in mean Capital Structure Ratio between selected companies.

The hypotheses related to the trend analysis are as follows:

- The Regression model was not fitted significantly for Trend of Liquidity Ratio in GMM, GLASSCOAT, NILE.

- The Regression model was not fitted significantly for Trend of Activity Ratio in GMM, GLASSCOAT, NILE.

- The Regression model was not fitted significantly for Trend of Profitability Ratio in GMM, GLASSCOAT, NILE.

- The Regression model was not fitted significantly for Trend of Capital Structure Ratio in GMM, GLASSCOAT, NILE.

3.6 SOURCES OF DATA

The study is based on secondary data. The data relating to glassline companies and allied companies are collected using capital line database, website of companies and annual reports.
3.7 STATISTICAL DATA ANALYSIS

The analysis was divided into three parts (Ratio analysis, ANOVA and trend analysis). Descriptive statistics, ANOVA (Analysis of Variance) with use of F-Test and linear regression analysis were employed to analyze the data. The data analysis was carried out with the help of statistical software “SPSS” (Student Version - 17). For each statistical test, correspond p – values were obtained and on the basis of which, the last conclusion for rejection / acceptance of the particular hypothesis was made. The researcher had put the level of significance (lobs.) at 5%. i.e. if the P-value is less than 0.05 then we reject the hypothesis otherwise we accept it.

3.8 POPULATION OF THE STUDY

The population of the study is all the glassline vessel companies which are working in India. There are almost 30 allied companies including public and private limited companies, which extend help to glassline companies.

3.9 SAMPLING METHODS AND SAMPLES

There are only three glassline vessel companies which are working in India namely,

1. GMM Pfaudler Limited
2. Swiss Glascoat Equipment Limited
3. Navbharat India Limited

So, the researcher has decided to conduct census study. The researcher has studied all glassline vessel companies.

Out of 30 allied companies, researcher selected 10 public limited companies using convenient sampling method. As financial data of public limited companies are easily available therefore samples are selected from public limited companies only. Following is the sample of allied companies:

1. Ador Welding Ltd.
2. Bharat Bijlee Ltd.
3. Carborundum Universal Ltd.
4. Crompton Greaves Ltd.
5. Elecon Engineering Company
6. Essar Steel Ltd.
7. Gee Ltd.
8. Jindal Steel & Power Ltd.
9. Remi Metals Gujarat Ltd.
10. Steel Authority India Ltd.

3.10 CHAPTER PLANNING

Chapter – 1: Glassline Vessels Industry and its Allied Industry: An Overview

This chapter sketches the brief profile of selected Glassline companies and its ten allied companies.

Chapter – 2: Theoretical Aspects of the Study and Review of Literature

The chapter deals with the introduction, information relating to the financial performance of the company and includes various ratios related to the company. This chapter also presents various literature available on financial performance which is available in journals, books, magazines and websites.

Chapter – 3: Research Methodology

This chapter gives detailed research methodology used to conduct this study.

Chapter – 4: Ratio Analysis and Comparison of Glassline Vessels and its Allied Companies in India

The chapter deals with the financial analysis of Glassline and its Allied companies by using ratio analysis.

Chapter – 5: Trend Analysis of Glassline Vessels Companies in India

The chapter deals with the financial analysis of Glassline Vessels companies by using trend analysis.

Chapter – 6: Findings and Suggestions

The chapter focuses on with the finding and suggestions on the basis of financial analysis of selected companies for the period under study.

3.11 SIGNIFICANCE OF THE STUDY

As earlier mentioned, in the introduction the glassline reactor vessel industry is an oligopolistic industry because there are only three glassline companies in the country.
The significance of the study is as follows:

1. If analysis is done in various aspects, like liquidity, activity, profitability, capital structure, the relevant information can be furnished to its various users for their decision making.

2. It is also necessary to find out some important factors which may affect internal decision of industry. So this research may be useful to glassline reactor vessel industry itself.

3. As far as many financial and non-financial institutes and also government affects by its various financial aspects, its various ratios should be analysed and the most common factors affecting glassline reactor Vessel Company’s financial position should be studied.

   So researcher feels its necessity and importance and therefore has chosen this subject for the doctoral research purpose.

4. There should not be monopolization of any unit and competitiveness should be increased of the entire unit to create the situation that every unit should find out their financial position and various factors which affects to their financial condition.

5. A large mass of the country even from housewife to businessman has started to invest their money in the share market. So, financial analysis would be helpful to them to take proper decision to invest their money in these sectors.

3.12 LIMITATIONS OF THE STUDY

1) Although the research is useful to industry and academicians, it is not free from certain limitations. The outcome of the study would be largely based on availability of the data.

2) Financial statements are normally prepared on the concept of historical cost convention. They do not reflect values in terms of current cost. Thus, financial analysis on such financial statements or accounting figures would not portray the effects of price level changing over the period.

3) The present study is based on ratio analysis and it has its own limitations that applies to this study also.

4) There are different methods to measure efficiency, effectiveness and profitability. The researcher has used only ratio analysis.
REFERENCES