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VIVEKANANDA INSTITUTE OF MANAGEMENT STUDIES
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Vichaara in Sanskrit language means academic activities deeply engaged in systematic studies and researches on socio-political and economic topics. It also means reflective thinking and self enquiry.

Objectives of Vichaara

1. To be a vehicle of academic research, documentation and dissemination of management innovation and practice.
2. To maintain the quality of publication by means of achieving high Impact Factor and securing a coveted place in the Social Science Index Citation and online databases.

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Business Research

This section is designed to be quantitative, empirical in nature and can include the summary or findings of completed research or work in progress.

Contemporary Management Thoughts

Articles based on current issues and contemporary trends in business and management will be included in this section.

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Business and management practices in diverse, institution – context specific cases will find place in this section.

Book Reviews

Reviews on books pertaining to contemporary management thoughts, general and professional practices are incorporated in this segment.

Management Practices

The best management practices are to be included under this section:

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- Success stories of High Performance Enterprises,
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To disseminate Indian Ethos and Values in management learning and business practices and evaluate the same as success ingredients in management.

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Vichaara invites the submission of spontaneous book reviews on current management themes.

- The reviews can range from 1500-3000 words.
- The reviews can be written either by a single reviewer or by more than one.
- Reviews should give a brief introduction about the title of the book and author (s).
- Reviews should make a clear attempt to comprehend the issues or problems highlighted in the book.
- It should objectively evaluate conceptual foundation of the book with its strengths and weaknesses
- The usage of references should be avoided to the maximum. If used APA reference style is preferred.

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- ✓ Acknowledgement of paper received via e-mail: 5 working days
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Important Dates

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Last date for Submission: July 15 th	Last date for Submission: December 15 th

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Editorial

It is heartening to see that the first issue of the VICHARA AN INTERNATIONAL JOURNAL OF MANAGEMENT has been brought out successfully. An educational journal is a platform where knowledge gets amplified and disseminated; research results and innovations are documented and unique experiences are shared for enhancement of knowledge.

The design architecture of *Vichaara* is made in such a way that it becomes a comprehensive document to reflect the different dimensions of Management discipline. *Business Research* forms the core part wherein original, empirical based research papers are included. Four such studies find a place in the current issue: 1) “Impact of Person Environment Fit on Job Satisfaction” 2) “A Study of Financial Position of Selected Steel Industries Ltd in BSE” 3) “Impact of Advertisement on Jewel Purchase Decision: A Study in Coimbatore District” 4) “Feasibility of Online Marketing: A Study in Coimbatore District”.

Another Dimension is about *Contemporary Management Thought* which include a new concept namely “Servitude” and another is on FDI in Retail Sector. A concept based *Case Study* namely Transformation from CRM to CMR finds its application in yarn marketing. *Book Review* is an added feature. An exclusive section on *Management Practices* is included to throw insights into successful entrepreneurs as well as robust enterprises and the coordinates and ingredients of success phenomena. The section devoted to *Revisiting Native Wisdom* provides scope for rediscovering native management perception and practices prevailing since ancient times in India as well as in other old world countries.

We invite scholarly articles and research papers and write ups on robust cases and highlights of successful enterprises and business leaders

Suggestions and views from readers and scholars are solicited for the qualitative improvement of the journal

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A STUDY ON FINANCIAL POSITION OF SELECTED STEEL INDUSTRIES LISTED IN BSE

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Dr. P. Palanivelu, Controller of Examination, Karpagam University

Abstract

The Iron and Steel Industry in India has 2 separate divisions (I) Integrated producers and (II) Secondary producers. The total number of 7 companies have been selected for the purpose of the study. The study was conducted to analyze the present financial health of the organizations based on the following objectives. To assess the profitability position of the companies listed in BSE. To analyze and compare the performances of the BSE listed steel industries. To analyze the complete financial analysis based on profitability of the companies. The management should utilize maximum production capacity to increase profit.

Key Words: BSE, Liquidity, Solvency, Gross Profit, Production Capacity

Introduction

Steel was under a fairly strict framework of regulation till 1992 and the erstwhile policy was to allocate scarce investment and infrastructure resources for optimum and planned development of the industry and to make available this scarce industrial intermediate to the users at a reasonable price. The Iron and Steel Industry in India has 2 separate divisions (I) Integrated producers and (II) Secondary producers.

Objectives of the Study

- To assess the profitability position of the steel companies listed in BSE.
- To analyze and compare the performances of the BSE listed steel industries.
- To analyze the complete financial analysis based on profitability of the companies.

Statement of the Problem

The study was conducted to analyze the present financial health of the organizations. The study aims to measure the profit and growth of steel industries listed in BSE and also to identify the drawbacks which are of the indicators of the low profit of the industry.

Limitations of the Study

However, the study hedges with certain limitations:

- 1) The study has considered only ten years of data for its analysis.
- 2) Any change the policy or attitude of the government may make the conclusions obsolete.
- 3) The study is fully based on the monetary information provided by the organizations.

Research Methodology

Sampling Design

A total number of 7 companies have been selected for the purpose of the study. The sample size constitutes of the population. Before selecting the companies for study, list of companies were prepared which satisfied the following criteria:

- ✓ Whether the data are available for a continuous period of ten years.
- ✓ The companies accounting year was from April to March.
- ✓ The companies which have been listed in BSE.

Selection of sample

Companies of the Iron and Steel industry in India are randomly selected based on their listing in BSE for the purpose of this study. There are 7 companies listed in BSE which has been taken as Large Scale Industries. In spite of taking into consideration the listings, all companies Equity Share Capital, Total Assets, Net Sales and Net Profit are taken as the base for selection of samples.

Period of study

The study covers a period of 10 years 2001-2002 to 2010-2011

Sources of Data

To accomplish the objectives of the Study, Primary and Secondary data were used. Primary data were collected from banks and secondary data has been collected from bank records, published and unpublished financial reports, journals, magazines, and websites.

Data analysis

Data analysis is done using following Accounting and Statistical tools. (i) Ratio Analysis
(ii) ANOVA

Analysis and Interpretation

In this chapter an analytical study was taken for the period of 10 years data from 2001-02 to 2010-11. For the purpose of data analysis the researcher collected secondary data from the Steel Industries selected on the basis of purposive sampling from among the companies listed in BSE.

Ratio Analysis: Steel Industries of BSE Listing

Table: 1 Liquidity Ratios**(Value Crores)**

Companies	Current Ratio		Quick Ratio	
	Average	SD	Average	SD
Bajaj Steel Industries	1.19	0.13	1.14	0.27
Gangotri Iron & Steel Company	1.15	0.38	2.96	1.93
Kanishk Steel Industries	1.14	0.22	0.89	0.41
Mahamaya Steel Industries	1.42	1.34	1.78	0.88
Modern Steels	1.11	0.91	1.64	0.45
Vallabh Steels	1.24	0.82	1.67	0.49
Welcast Steels	1.06	0.32	1.22	0.38

Table 1 shows the seven steel industries which are listed under BSE has been taken for the study towards its Liquidity Position. The Current Ratio is taken for analysis shows that all the industries were satisfying the rule of thumb i.e. 1:1 towards the current ratio. However, the highest ratio was found with Mahamaya Steel Industries which recorded 1.42 times and the lowest current ratio was recorded by Modern Steels which stood at 1.11 times. It is observed that on an average the Current Ratio of BSE listed companies were found to be satisfactory.

The liquidity position of the companies which are listed under BSE has been taken for the study that analyses the quick ratio. The Quick Ratio is taken for analysis reveals that except Kanish Steel Industries, the remaining six industries were matching the rule of thumb i.e. 2:1 towards the quick ratio. However, the highest ratio was recorded by Gangotri Iron and Steel at 2.96 times and the lowest quick ratio was recorded by Kanishk Steels which stood at 0.89 times. It is observed that on an average the quick ratio of BSE listing companies were found to be satisfactory.

Table: 2 Solvency Ratios**(Value Crores)**

Companies	Debt Equity Ratio		Interest Coverage Ratio	
	Average	SD	Average	SD
Bajaj Steel Industries	1.70	0.62	2.44	1.51
Gangotri Iron & Steel Company	1.42	1.38	2.18	1.77
Kanishk Steel Industries	0.54	0.22	5.36	2.85
Mahamaya Steel Industries	1.29	0.42	430.91	1264.99

Modern Steels	2.58	2.03	3.02	3.12
Vallabh Steels	1.76	0.70	2.99	1.88
Welcast Steels	0.82	0.47	4.55	1.30

Table 2 shows the solvency position of the companies listed under BSE by analyzing the Debt Equity Ratio. The Debt Equity Ratio taken for analysis reflects that except Kanish Steel Industries, the remaining six industries were matching the rule of thumb i.e. 1:1 towards the debt equity ratio. However, the highest ratio was recorded by Modern Steel at 2.58 times and the lowest debt equity ratio was recorded by Kanishk Steels which stood at 0.54 times. It is observed that on an average the short term solvency position of the BSE listed companies were found to be satisfactory.

The solvency positions of the steel industries which are listed under BSE have been assessed by means of the Interest Coverage Ratio. The Interest Coverage Ratio reflects that Mahamaya Steels performs exceptionally high with 430.61 times as average interest coverage whereas the remaining six industries were found to be performing positively and marginally good towards the interest coverage ratio. However, the highest ratio was recorded by Mahamaya Steels at 430.91 times and the lowest interest coverage ratio was recorded by Gangotry Iron and Steels which stood at 2.18 times. It is observed that on an average the solvency position of the BSE listing companies towards interest coverage ratio were found to be satisfactory.

ANOVA

To test the level of consistency of Gross Profit among the BSE units and years the following null hypothesis is stated.

Null Hypothesis: H_0

- There is no significant difference among the sample units in the average Gross profit ratio of Steel industries.
- There is significant difference among the sample units in the average Gross profit of Steel industries.

Table: 3 showing Analysis of variance of Gross Profit among the BSE Units

<i>Source of Variation</i>	<i>df</i>	<i>F-Result</i>	<i>P=0.05</i>
Rows	6	1.435965	NS
Columns	9		NS

S: Significant

NS: Not Significant

Two way ANOVA was applied to find the significant difference among BSE sample units and among years in the average gross profit ratio. The ANOVA table shows that the

calculated 'F' ratio value for variation between sample units is 1.43 which is less than the table value at 5% level of significance. The calculated F ratio for variation between years is 0.86 which is also less than the table value 2.21 at 5% level of significance. This indicates that there is no significant difference among the sample BSE units in the gross profit ratios where as the gross profit do not differ significantly between the years.

Findings

1. The Current Ratio of BSE listed companies was found to be satisfactory
2. The quick ratio of BSE listed companies was found to be satisfactory.
3. The short term solvency position of the BSE listed companies was found to be satisfactory.
4. The solvency position of the BSE listed companies towards interest coverage ratio was found to be satisfactory.
5. There is no significant difference among the sample BSE units in the gross profit ratios where as the gross profit do not differ significantly between the years.

Conclusion

The management should utilize maximum production capacity. Companies will have to reduce interest burden it will help to increase profit. The policy of borrowed financing in selected group of steel companies under study was not proper. The regular supply of raw materials and the final product infrastructure facilities are required further improvement.

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