



# FINANCIAL STATEMENT ANALYSIS OF SAIL

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## Abstract

Analysis of Financial statements is a technique of swotting and inspecting a company's accounting reviews i.e. earnings and loss account and Balance Sheet of the company, with a purpose to understanding its past, gift or predicted destiny performance. This manner of revising the economic statements lets in for more healthy monetary selection making. This paper provides the facts and guidelines Concerning Analysis of numerous Accounting ratio of SAIL-Steel Authority of India Limited.

Keyword: Financial Statements, Accounting Ratio, Accounting Reports.

## INTRODUCTION

A stability sheet is an financial document that suggests an employer's economic function at a specific factor in time. It represents a company's assets, liabilities and fairness and is an critical device for evaluating employers' economic fitness and performance.

The Stability Sheet is split into Asset Phase and Liability & Equity Phase sections. The Asset Stage lists all assets owned through the employer, and the Debt and Equity segment explains how the ones assets have been financed.

The assets section of the balance sheet includes the following categories:

### CURRENT ASSETS:

These are assets that are expected to be transformed into cash or used up within one year. Examples encompass coins and coins equivalentents, debts receivable, inventory, and prepaid expenses.

## NON-CURRENT ASSETS:

These are belongings which might be predicted to be utilized by the employer for a couple of year. Examples encompass property, plant, and equipment, intangible belongings, and long-term investments.

## LIABILITIES AND EQUITY SECTION:

The liabilities and equity section of the balance sheet includes the following categories:

### CURRENT LIABILITIES:

These are obligations that are due within one year. Examples include accounts payable, short-time period loans, and accrued expenses.

### NON-CURRENT LIABILITIES:

These are responsibilities which might be due after one year. Examples encompass long-time period loans and deferred tax liabilities.

### EQUITY:

This represents the residual hobby withinside the belongings of the employer after deducting liabilities. Equity includes common stock, preferred stock, retained earnings, and other reserves.

Analysing a stability sheet includes evaluating the specific classes and ratios to evaluate a company's economic function and performance.

For example, the modern ratio is a not unusual place degree of liquidity and is calculated by dividing modern belongings with the aid of using modern liabilities. An excessive modern ratio suggests that a company has enough sources to cowl its short-time period responsibilities, at the same time as a low current ratio may also suggest liquidity problems.

Overall, the balance sheet provides valuable insights into a company's financial position and is a critical device for investors, creditors, and different stakeholders to evaluate a company's performance.

## STATEMENT OF THE PROBLEM

Finance is considered because the maximum critical thing in each company; therefore, the control calls for unique point out and attention. The control has to soak up to each corner and nook of every project, to discover the quantity of fund important for them and the supply from which to arrange. Finance control performs a important position procurement, allocation and manage of funds. Every company whether or not big, medium, or small, desires finance to hold on its operations and reap its targets. In fact, finance is so necessary for enterprise this is rightly stated that it's miles life-blood of the4 enterprise. With out good enough finance, no company can viable to perform its objectives

Right from the very beginning, this is conceiving an concept to enterprise, finance is wanted to sell or set up the enterprise, gather constant assets, make research together with marketplace surveys, expand product, preserve guys and device at work, inspire control to make development and create values.

Financial assertion evaluation is used to perceive the tendencies and relationships among monetary assertion items. Both inner control and outside users (together with analysts, creditors, and investors) of the monetary statements want to assess a organization's profitability, liquidity, and solvency. The maximum not unusualplace techniques used for monetary assertion evaluation are fashion evaluation, not unusualplace-length statements, and ratio evaluation. These techniques encompass calculations and comparisons of the consequences to ancient organization data, competitors, or enterprise averages to decide the relative power and overall performance of the organization being analyzed.

## OBJECTIVES

- To study the profile and functions of Steel Authority of India (SAIL)
- To understand the performance efficiency and managerial ability of Steel Authority of India (SAIL).
- To determine short term and long-term solvency of Steel Authority of India(SAIL) with the help of annual reports.
- To analyze the profitability and performance of Steel Authority of India (SAIL) with the help of important ratios.
- To offer suggestions for the better performance of Steel Authority of India(SAIL)

## SCOPE OF THE STUDY

The major scope of the examine is to evaluate, examine and recognize the economic statements and to recognize the affect of the economic role on recognition withinside the years 2018-2022.It specially offers with the profitability ratio's displaying the company's ordinary performance and performance. These theories of control accounting layout the bottom of the examine the boom and fashion of SAIL.

## LIMATATIONS

The study is mainly to carried out based on the secondary data provided in the websites.

The period of study is limited to three years only.

The analysis carried through the selected company in India.

## REVIEW OF LITERATURE

**Pal Shrabanti (2018)**, investigated the relationship between liquidity ratios and profitability of selected 16 Indian steel companies listed under BSE. The study conducted to know effect of post-recession period i.e., 2010-11 to 2015-16 on financial performance of selected companies. Liquidity has positive impact on profitability found by the study. It concluded that due volatility in world steel

market. The liquidity did not give high return to the companies.

**Krishnamurthi M. (2016)**, has analyzed profitability of selected 07 large and medium capitalization steel companies in India. The selection of sample size was based on availability of data, continuous payment of dividend since last 3 financial years and also listed in BSE and NSE.

## RESEARCH METHODOLOGY

Research layout relates to the awesome studies method or method followed for a specific mission. A studies mission must be the carried out scientifically ensuring that the statistics is gathered effectively and economically. The examine used is descriptive studies layout for the motive of having an perception over the issue. It is to offer an correct photograph of a few components of marketplace environment. Descriptive studies is used while the goal is to offer a scientific description this is as genuine and correct as possible.

## SOURCE OF DATA

The studies targets to examine the effect of liquidity on profitability therefore it's far primarily based totally on secondary statistics. The required statistics become taken from the once a year file of the enterprise and monetary records. Also, numerous extra records this is required for the examine become gathered thru numerous websites.

## PERIOD OF STUDY

The period taken for the study is 2017-2018 to 2021-2022.

## TOOLS AND TECHNIQUES

The tools used are to measure the liquidity, solvency, efficiency and profitability of selected yarn company.

## RATIOS

### CURRENT RATIO

CURRENT ASSET

CURRENT RATIO =

CURRENT LIABILITIES

| YEAR           | CURRENT ASSETS | CURRENT LIABILITIES | CURRENT RATIO |
|----------------|----------------|---------------------|---------------|
| 2018           | 26368.20       | 43401.62            | 0.613         |
| 2019           | 32249.27       | 41597.46            | 0.775         |
| 2020           | 40918.45       | 44951.84            | 0.910         |
| 2021           | 30531.88       | 45061.50            | 0.67          |
| 2022           | 28659.74       | 39317.73            | 0.72          |
| <b>MINIMUM</b> |                |                     | 0.613         |
| <b>MAXIMUM</b> |                |                     | 0.91          |
| <b>AVERAGE</b> |                |                     | 0.7376        |

## INTERPRETATION



**NET SALES**

| <b>YEAR</b>    | <b>OPERATING PROFIT</b> | <b>NET SALES</b> | <b>OPERATING PROFIT RATIO</b> |
|----------------|-------------------------|------------------|-------------------------------|
| 2018           | 4708                    | 56893            | 8.2                           |
| 2019           | 9807                    | 66267            | 14.7                          |
| 2020           | 10264                   | 61025            | 16.8                          |
| 2021           | 12776                   | 68452            | 18.6                          |
| 2022           | 21363                   | 102805           | 20.7                          |
| <b>MINIMUM</b> |                         |                  | 8.2                           |
| <b>MAXIMUM</b> |                         |                  | 20.7                          |
| <b>AVERAGE</b> |                         |                  | 15.8                          |

**INTERPRETATION**

The business enterprise's working income ratio ranged from a low of 8.2% in 2018 to a excessive of 20.7% in 2022, with a mean of 15.8% over the five-yr period. This shows that the business enterprise has been capable of enhance its profitability over time, with the best working income ratio in 2022.

**FIXED ASSET TURNOVER RATIO**

$$\text{NET SALES FIXED ASSET TURNOVER RATIO} = \frac{\text{NET SALES}}{\text{FIXED ASSET}}$$

| <b>YEAR</b>    | <b>NET SALES</b> | <b>FIXED ASSETS</b> | <b>FIXED ASSET TURNOVER RATIO</b> |
|----------------|------------------|---------------------|-----------------------------------|
| 2018           | 56893            | 58612               | 0.97                              |
| 2019           | 66267            | 61359               | 1.07                              |
| 2020           | 61025            | 69019               | 0.88                              |
| 2021           | 68452            | 67600               | 1.01                              |
| 2022           | 102805           | 73657               | 1.39                              |
| <b>MINIMUM</b> |                  |                     | 0.88                              |
| <b>MAXIMUM</b> |                  |                     | 1.39                              |
| <b>AVERAGE</b> |                  |                     | 1.064                             |

## INTERPRETATION

The business enterprise's constant asset turnover ratio ranged from a low of 0.88 in 2020 to a excessive of 1.39 in 2022, with a median of 1.064 over the five-12 months period. This suggests that the business enterprise has been capable of generate extra income consistent with greenback of constant belongings over time, with the best constant asset turnover ratio in 2022. Overall, the business enterprise's constant asset turnover ratio has been pretty solid over the five-12 months period, with a fashion of enhancing performance withinside the use of constant belongings.

## FINDINGS

From the findings and assessment of Tata metallic ltd for the final five 365 days we are able to end a few recommendations for company just so the company can be more inexperienced to generate income.

1. Current ratio of SAIL metallic ltd is low it ought to increase its modern ratio in which it is able to meet it quick term duty smoothly.
2. The company ought to be keeping a legitimate quick-term debts paying capability infuture because of the truth the use of more amount of outdoor finances also can moreover reason quick-term insolvency.
3. All operational and related sports activities ought to be carried out correctly and correctly
4. The liquidity function of the company suggests that it might now no longer have enough liquidassets to cover its quick term liabilities.
5. A immoderate ratio of debt- equity indicates a volatile company in which there are more creditors of the organisation than there are investors.
6. Gross income margin ratio presentations a higher overall performance of center operations, i.e., it cover the walking expenses, regular costs, dividends, depreciation and moreover providing net earnings to the company.
7. The company ought to likely don't forget the use of the fund to invest extraordinary opportunities to get a income.
8. It is useful to increase quick assets to keep a modern-day ratio.
9. Company ought to try to use running capital correctly for generating earnings.
10. Company has to increase net earnings for developing profitability of the entity and higher profitability will enchantment to shareholders.

## SUGGESTIONS

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## CONCLUSION

Efficient control of finance may be very essential for the achievement of an enterprise. Term monetary overall performance may be very dynamic term. The situation remember of monetary overall performance has been converting very rapidly. In gift time more significance is given to monetary overall performance. The observe specifically concentrates at the evaluation of monetary overall performance and soundness of the corporation. The observe is performed to analyses the liquidity, solvency, profitability and performance of the corporation. From the observe of monetary overall performance it may be concluded that SAIL has high-quality role in its running earnings however the corporation desires to enhance its liquidity and solvency. If the corporation keeps to carry out with greater performance and backbone it may gain more achievement in close to future. Efforts must continuously be made to enhance the monetary role as much as subsequent stage of overall performance with a purpose to make benchmark. This will yield more efficiencies and enhance investor satisfaction.



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