INTRODUCTION
The terms financial appraisal and financial statement analysis have the same meaning and are generally used as synonymous. The techniques of financial statement analysis are used for the purpose of financial appraisal. Financial appraisal is a scientific evaluation of the profitability and financial strength of any business concern. In fact financial analysis is the process of making an anatomical study of the financial and operative data contained in the profit and loss account and the balance sheet of a given concern and thereby satisfying the information needs of the internal and external users of such data. On the other hand, financial appraisal is the process of scientifically making a proper and comparative evaluation of the profitability and financial health of given concern on the basis of summarized and analyzed data, the output of financial analysis.

The analysis and interpretation of financial statements result in the presentation of information that will aid in decision making by business managers, investors and creditors as well as other groups who are interested in the financial status and operating results of business. The technique of appraisal is frequently applied to the study of accounting data with a view to determining the continuity or discontinuity of the operating policies, investment value of business, credit ratings and testing the efficiency of operations.

SIGNIFICANCE OF THE STUDY
Performance appraisal is special important in industries and steel is one such industry. From the point of view of the socio-economic development of the country, steel industry is significant enough in terms of investment and employment. The sales and profitability function in steel industry differ from that of other industries. Even though many studies in this direction have been conducted, the present one would be of greater significance to many. It would help to understand the pattern and the structure of financial variables of leading companies apart from identifying the financial relationship of companies with their respective industries. The change in the economic policy of the government certainly has got impact on the performance of corporate units in India. A need at the present juncture is therefore felt to study the impact of such changes on the performance of corporate sector.

As such, the study is expected to help the corporate management, the financiers, the investors and the government at large, to take valuable decisions at their own. Further, it would provide insight to banks, financial institutions and long-term lenders to understand the financial capability, effectiveness of the companies.

REVIEW OF LITERATURE
Asha Sharma and Sharma, R.B. (2011) has studied the movement of key financial parameters and their relationship with profitability of textile industry and the author concluded that the firm’s financial trend is in synchronous way going up and coming down with basic profitability parameters.
Venkatesan and Nagarajan (2012). The profitability level should maintain at increasing level in order to overcome this problem. The data is purely based on secondary Profitability position is major determined by the direct and indirect expenses and two away ANOVAs of ROI of selected steel company was, there is a significant different on the selected steel company viz, they are maintaining different level of returns on their investment and correlation of Sail to Tata of Net Profit.

Paghadar Amala Anilbhai (2013) Steel Industry play a vital role in development of any country. In present research paper an attempt has been made to study the financial performance of two selected units of steel Industry i.e. SAIL and JSW. The present study covers the five year period of both units. In the study, it has been try to analyze the profitability, liquidity and management efficiency of both units with various financial tools and techniques. The paper has been also derived findings from the analysis.

Kavitha, K.S., and Palanivelu.P. (2014) examine the financial performance of select Iron and Steel industry in India and investigate the factors affecting the steel industries based on profitability model. At present, India is world’s second largest producer of steel. High demand of Iron and steel by sectors like, Infrastructure, Automobile and Real estate have given a boost to Iron and Steel Industry in India. Combined with huge production to the export of Iron and steel has also grown by 12.5%.

Rooh et al., (2015) examines the financial performance of identified units in the steel industry in India in terms of financial ratios such as Liquidity, Solvency, Activity and Profitability position. A group companies listed in the stock exchanges in India namely, Tata Steel Ltd., Jindal Steel & Power Ltd., J S W Steel Ltd., Bhushan Steel Ltd. and Steel Authority of India Ltd. are selected for this study. To evaluate the impact of selected variables on the financial performance of identified units in the steel industry, ANOVA-Test analysis is used.

**STATEMENT OF THE PROBLEM**

Production is considered as the backbone of the manufacturing sector. Production function is considered as the effective tool to satisfy the consumer’s demand and to operate in an economical and efficient manner. The study of the production performance is important to know the operating level of the business and financial efficiency of the business enterprise. Survival of the business in the present competitive world depends on the quality production and the technological development in the business. Therefore, the present study attempts to study the production trend of the Steel Industry in India after Liberalization.

Sales are the important component for the development of the business. Sales can be enhanced only by following good sales policy. Due to the pricing policy of the government, the companies have to face some fluctuations in the sales. These fluctuations may lead to increase or decrease the financial risk of the companies. In order to study the sales trends of the steel industry in India the present study is carried out.

The efficiency of the business is measured by the amount of profit earned. The greater the profit, the more efficient is the business considered to be. The profit of a business may be measured by studying the profitability of investment in it. Profitability may be defined as the ability of a given investment to earn a return from its use. This ability is referred to as lending power or operating performance of the concerned investment. Profitability is a relative term and its relation with the other factors by which the profit is affected. It is the test of efficiency, powerful motivational factor and the
measure of control in any business. Hence, an attempt has been made to study the profitability of steel industry in India after liberalization.

OBJECTIVES OF THE STUDY

The following are the objectives of the study
1. To study the Production, Sales and Profit trend of the TISCO and SAIL.
2. To analyze the profitability position of the TISCO and SAIL.
3. To assess the financial structure of the TISCO and SAIL.
4. To make suggestions for improving profitability and financial efficiency of the TISCO and SAIL.

SELECTION OF SAMPLE

There are twenty one companies operating in the Indian steel Industry. The companies under steel industry are classified into two sectors namely; public sector and private sector. On repentance, two companies namely TISCO and SAIL has been selected from each sector for the analysis.

PERIOD OF STUDY

The period 2005-2015 is selected for this study. This ten years period is chosen in order to have a fairly long, cyclically well balanced period, for which reasonably homogeneous, reliable and up-to-date financial data would be available.

DATA ANALYSIS

In order to achieve the objectives of the study, the present study evaluates the data drawn from the set resources in different ways. The data obtained have been duly edited, classified and analyzed as per the requirement of the study. Statistical measures like mean, co-efficient of variation, compound annual growth rate, indices have been applied. Least square trend of profit has been applied to test the validity of hypothesis.

FINDINGS, SUGGESTIONS AND CONCLUSION

The present study has examined the operational efficiency of steel industries with special reference to TISCO and SAIL in India. The techniques of Ratio analysis and Chi-square were used. The analysis undertaken was divided into five chapters, viz., Introduction, Review of literature and profile of the companies, Analysis of trends, Analysis of profitability and financial structure and Findings, suggestions and conclusion. A summary of the findings from the above analysis is given below:

Production, sales and profit trends

The comparison of production performance among the two companies revealed that the production of SAIL is the highest, followed by TISCO. The production performance of TISCO and SAIL is registered highly fluctuation. Both the companies registered positive compound annual growth rate in production during the study period. The production performance of SAIL is better than the TISCO.

The comparison of sales performance among the two companies revealed that the sales of SAIL are the highest, followed by TISCO. The sales performance of TISCO and SAIL are highly
fluctuated during the study period. The two companies registered positive compound annual growth rate in sales during the study period. The sales performance of SAIL is better than the TISCO.

The comparison of profit performance among the two companies revealed that the profit of TISCO is the highest, followed by SAIL. The profit performance of TISCO and SAIL erratically fluctuated during the study period. The TISCO has registered positive compound annual growth rate and the SAIL has registered negative compound annual growth rate in profit during the study period. The profit performance of TISCO is better than the SAIL.

**Analysis of Profitability**

**Profitability from the view point of financial Management**

The profitability performance of the selected steel companies under review has been studied by computing various ratios relating to profitability. The profitability measured though operating profit margin ratio, gross profit margin ratio in TISCO had highest mean in the above said three ratios, Net profit ratio is satisfactory in both the companies. The analysis of return on assets ratio depicts effective utilization of assets as the mean value of this ratio is satisfactory in SAIL and TISCO. The analysis of return on equity reveals that owner’s equity was utilized profitably by the selected companies. SAIL had the highest mean return on equity ratio followed by TISCO.

**Analysis of long term financial Strength**

The analysis of debt equity ratio is a measure of long term financial solvency, it exhibits the relationship between borrowed funds and owners capital of the selected sample companies. SAIL had the highest mean debt to equity ratio, followed by TISCO. Thus, long term financial strength of SAIL may be considered as satisfactory. The analysis of long-term debt ratio is a sign of what segment of company’s total assets is financed for a long-term debt. SAIL had the highest mean followed by TISCO. The mean long-term debt ratio of SAIL and TISCO are satisfactory. The analysis of interest coverage ratio is a solvency ratio measuring the long term viability of the business to pay off its debt. SAIL had the highest mean time interest earned ratio followed by TISCO. The mean interest Coverage ratios of both the companies are satisfactory

**Analysis of Short-term financial strength**

The analysis of current ratio is a measure of short term financial strength of SAIL and TISCO. This ratio also measures the ability of the company to meet its current obligations. TISCO had the highest mean current ratio, followed by SAIL. Although the current ratio was less then the standard norms, the liquidity position of the selected companies are considered satisfactory as its liquidity ratio is close or above to the standard norm. The analysis of quick ratio exhibits the relationship between quick assets and quick liabilities. TISCO had the highest mean followed by SAIL. The mean quick ratio of TISCO and SAIL are satisfactory. The analysis of cash ratio is the ratio of cash and cash equivalents of a Company to its current liabilities. SAIL had highest mean followed by TISCO. The mean Cash ratio of TISCO and SAIL are not satisfactory.

**SUGGESTIONS**

The following suggestions were offered through this study for the better performance of the selected units.

1. The Steel industry should draw a long-term plan based on a well designed management information system, incorporate economics in it, particularly those relating to cost and revenues.
2. Steel industry has to make a steady progress and withstand competition without eroding its natural resources, it can do so. The best utilization of scarce resources will be feasible.

3. A massive injection of funds to modernize the steel industry, fiscal and non-fiscal incentives to bring down the cost, improvement in infrastructural facilities in the remote but forest–rich areas and suitable changes in the Steel control order would go a long way in improving its profitability and growth prospects.

4. Encouragements of capital investment in the new technology are needed to compete globally.

CONCLUSION

Companies should design a balanced capital structure, use fixed assets efficiently, adopt credit policies, apply modern inventory and cash management systems and control operating costs to improve and maintain the financial performance in future. To conclude, all major steel producers in India are expanding their capacities and may new Greenfield projects are seems to coming up in near future. How much a huge investment will be mobilized is a big question. With the thrust given by the government on construction sector and infrastructure, the product mix of the finished steel may show a different picture by 2011-12.

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