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Navigating the Financial Landscape: A Comprehensive Analysis of Steel Companies in Corporate Insolvency Resolution Process

Riddhi Suthar[1], Dr. Urvi Gajjar[2]

[1]Ph.D. Research Scholar, JG University, Ahmedabad, Gujarat
[2]Assistant Professor, JG College of Commerce, Gujarat University, Ahmedabad

Abstract
This study explores the intricate financial dynamics of companies undergoing the Corporate Insolvency Resolution Process (CIRP) within the steel sector. The CORPORATE INSOLVENCY RESOLUTION PROCESS play a pivotal role in addressing the challenges posed by corporate insolvency, providing a structured framework to preserve business continuity and safeguard stakeholder interests. By focusing on profitability and liquidity, this research aims to contribute valuable insights into the effectiveness of CIRP within the specific context of the steel industry. Three key players, Electrosteel Steels Ltd, Uttam Galva Steels Limited and Bhushan Steel Ltd, are chosen for analysis, representing diverse facets of the steel sector. The significance of the CORPORATE INSOLVENCY RESOLUTION PROCESS in maintaining economic stability and preventing the cascading impact of financial failures underscores the importance of this study. The research objectives encompass a thorough analysis of the profitability and liquidity of these companies in the pre-CIRP period, providing a comprehensive understanding of their financial health leading up to the resolution process. The chosen data coverage period spans five consecutive fiscal years, from 2013-14 to 2017-18, enabling a detailed exploration of trends, challenges, and financial patterns in the years preceding the companies' engagement in the CORPORATE INSOLVENCY RESOLUTION PROCESS.

KEYWORDS: CORPORATE INSOLVENCY RESOLUTION PROCESS, CIRP, Steel Industry, Financial Failure

1. Introduction

OVERVIEW OF CORPORATE INSOLVENCY RESOLUTION PROCESS

The Corporate Insolvency Resolution Process (CIRP) is a multifaceted legal framework designed to address financial distress within companies, offering a systematic approach to debt resolution and business reorganization. Originating from insolvency laws in various jurisdictions, the CIRP provides a structured pathway for the revival of financially distressed companies while protecting the interests of creditors and stakeholders. The initiation of CIRP can be triggered either voluntarily by the company itself, recognizing its financial difficulties, or involuntarily by its creditors filing a petition before the relevant adjudicating authority. Once the process begins, an Insolvency Professional (IP) is appointed to take control of the company's affairs. The IP plays a pivotal role in conducting a comprehensive financial analysis,

scrutinizing the company's books, operations, and liabilities to understand the extent of the financial distress.

The CIRP follows a defined timeline, typically spanning 180 days, with a provision for a 90-day extension under certain circumstances. The process encompasses several crucial stages, including the declaration of moratorium, during which creditors are prohibited from initiating or continuing any legal proceedings against the company. This allows the IP to assess the financial situation without the threat of immediate legal action. A fundamental element of the CIRP is the formation of a committee of creditors (CoC), comprising financial creditors who are significant lenders to the company. The CoC plays a pivotal role in decision-making throughout the process, particularly in evaluating and approving resolution plans submitted by potential resolution applicants. This collaborative approach ensures that the interests of all stakeholders are taken into account.

The financial analysis conducted during the CIRP involves a meticulous examination of the company's financial statements, debt structure, and operational aspects. Creditors submit their claims, and the IP verifies and acknowledges these claims, establishing a transparent and accountable process. Resolution plans submitted by potential investors or existing promoters are thoroughly scrutinized by the CoC and the IP. The goal is to identify a plan that not only addresses the financial distress but also provides a viable and sustainable path for the company's future. If a resolution plan is accepted, it is implemented, and the company undergoes a revival process. However, if no resolution plan is approved within the specified timeframe, the company may go into liquidation.

The CIRP serves not only to revive distressed companies but also to maintain the stability of the overall business environment. By providing a structured and time-bound process, it minimizes uncertainty and encourages a collaborative effort among stakeholders. The success of the CIRP relies on the effective collaboration of all parties involved, strict adherence to timelines, and the ability to craft and implement viable resolution plans. Overall, it stands as a crucial mechanism in the legal and financial landscape, promoting financial stability and facilitating the recovery of businesses facing insolvency challenges.

CORPORATE INSOLVENCY RESOLUTION PROCESS IN INDIA

The Corporate Insolvency Resolution Process (CIRP) is a framework established by the Insolvency and Bankruptcy Code (IBC) of 2016 in India. It provides a mechanism for resolving the insolvency of companies and Limited Liability Partnerships (LLPs) in a time-bound and efficient manner. Here's a detailed breakdown of the process:

Initiating CIRP:

- Eligible Parties: Financial creditors, operational creditors, or the company itself can initiate CIRP by filing an application with the National Company Law Tribunal (NCLT).
- Minimum Default Amount: For financial creditors, the minimum default amount is Rs. 1 crore, while for operational creditors, it's Rs. 1 lakh.
- Application Scrutiny: The NCLT examines the application and supporting documents to determine if the company meets the insolvency criteria.
- Moratorium: If admitted, a moratorium is imposed, protecting the company's assets from creditors and legal actions.

Resolution Professionals:

- Appointment: The NCLT appoints a Resolution Professional (RP), an independent professional with expertise in insolvency matters.
- Responsibilities: The RP evaluates the company's financial health, prepares an Information Memorandum, interacts with creditors, and facilitates the resolution process.

Committee of Creditors (CoC):

- Formation: The RP forms a CoC consisting of all financial creditors of the company.
- Voting Rights: Creditors vote based on their outstanding debt amount, with 75% majority required for key decisions.

Resolution Plans:

- Preparation: Potential investors or existing management can submit resolution plans to the CoC, outlining how they will revive the company.
- Evaluation & Approval: The CoC evaluates the plans based on feasibility, maximization of creditor value, and other parameters.
- NCLT Approval: Upon CoC approval, the plan is submitted to the NCLT for final approval.

Possible Outcomes:

- Resolution: If a viable resolution plan is approved, the company exits CIRP and restarts operations under the new plan.
- Liquidation: If no resolution plan is approved, the company enters liquidation, its assets are sold, and proceeds distributed to creditors.
- Fast Track Process: For smaller companies with simpler structures, a faster 90-day CIRP process is available.

Key Features of CIRP:

- Time-bound process: With a deadline of 180 days (extendable to 270 days), it aims for swift resolution.
- Creditor-driven: Creditors have significant control over the process through the CoC.
- Transparency: Information about the CIRP is publicly available on the IBBI website.
- Value maximization: Aims to recover maximum value for creditors and stakeholders.

Impact of CIRP:

- Improved insolvency resolution: Compared to the pre-IBC regime, CIRP has led to faster and more efficient resolutions.
- Enhanced investor confidence: Predictable and transparent process attracts new investors to distressed companies.
- Challenges remain: Issues like complex processes, litigation delays, and lack of clarity on certain provisions need further refinement.

Overall, the CIRP offers a valuable framework for resolving corporate insolvency in India. While challenges remain, it has significantly improved the ecosystem for distressed companies and creditors, promoting economic stability and recovery.

2. Need and Motives Behind This Study

The study on "Navigating the Financial Landscape: A Comprehensive Analysis of Steel Companies in CORPORATE INSOLVENCY RESOLUTION PROCESS" is undertaken with a multifaceted set of needs and motives that reflect the critical importance of understanding and addressing financial distress within the steel sector. The key objectives and motivations behind this study are as follows:

- The steel industry is a vital component of the global economy, with far-reaching implications for various sectors. Understanding the financial challenges within this industry is crucial for policymakers, investors, and stakeholders.
- Identifying and comprehending the financial landscape of steel companies undergoing the Corporate Insolvency Resolution Process (CIRP) is imperative for risk mitigation strategies. This study aims to shed light on the risk factors associated with these companies.
- The financial health of the steel sector has direct implications for economic stability. By delving into the financial aspects of companies in CIRP, the study seeks to assess the broader economic impact and implications for employment, trade, and investment.
- Governments and regulatory bodies require robust insights into the financial dynamics of industries facing insolvency challenges to formulate effective policies. This study aims to contribute valuable data for the formulation and refinement of policies related to corporate insolvency in the steel sector.
- Investors, both institutional and individual, seek comprehensive analyses to make informed decisions. This study provides insights into the financial conditions of steel companies undergoing CIRP, aiding investors in understanding potential risks and opportunities.
- Various stakeholders, including employees, suppliers, and customers, have a vested interest in the financial stability of steel companies. The study aims to create awareness among stakeholders about the financial intricacies of these companies during the resolution process.
- Understanding the financial nuances of steel companies in CIRP helps evaluate the effectiveness of resolution plans. By analysing the financial data, the study contributes to assessing the viability and impact of different resolution strategies.
- Identifying successful financial strategies and management practices during the CIRP can serve as a benchmark for other struggling industries. This study aims to highlight best practices that contribute to the successful resolution of financial distress in the steel sector.
- Academic research plays a vital role in advancing knowledge. This study contributes to the academic community by providing in-depth insights into the financial intricacies of steel companies under CIRP, fostering a deeper understanding of corporate insolvency within this specific industry.

In summary, the study on steel companies undergoing CIRP is driven by the need to comprehend industry-specific challenges, mitigate risks, assess economic impacts, inform policy decisions, guide investor choices, raise stakeholder awareness, evaluate resolution plan effectiveness, identify best practices, and contribute to academic knowledge in the realm of corporate insolvency within the steel sector.

3. Literature Review

Akaant Mittal (2018), this article examines the earlier insolvency regime in India and analyses the reasons for the slow process that existed under the pre-IBC regime. It explains the resolution process under IBC and analyses the preliminary process of admission of an application under the tribunal and the changes brought through amendments and judicial precedents. The author points out the need of following a time bound process as envisaged under the Code and how the legislative intent can be achieved. The article also highlights the responsibilities and role of the government and the regulator in creating an ecosystem that is essential for the effective implementation of the Code.

Antony J. Casey (2020), the article refutes the principle of creditor bargain theory which relies on recreating a hypothetical bargain and respecting creditor's non bankruptcy entitlements that aim at creditor protection in corporate bankruptcy. Author challenges this and asserts that the purpose of every bankruptcy

law instead, must be to solve the incomplete contractual obligations and the consequences arising out of it. This includes parties holding each other up and diminishing value of the entity arising out of financial distress. Article asserts how Chapter 11 proceedings under the US Bankruptcy Code attempts to provide uniform solutions to this problem by providing a framework for ex post renegotiation of incomplete contracts.

Ashok Kumar Mishra (2022), the author explains the changes the Code has brought in the insolvency framework of India and analyses the current position of financial creditors, operational creditors and guarantors through judicial precedents and the rationale of treating home buyer's debts as financial debts under the insolvency resolution process. The author also highlights the need of developing a code of conduct for the Committee of Creditors who could abuse their powers given under the Code, thereby causing injustice to other stakeholders. Another suggestion is in framing guidelines for restructuring the corporate debtor and framing laws for managing group insolvency of companies.

Bharti.U, Singh.S & Kumar.K (2022), this descriptive study based on analytical research design and secondary data, analyses the existing NPA of the Scheduled Commercial banks in India from the period 2008-09 to 2017-18. The study attempts to estimate the level of NPA's and its effect on the performance of different public sector, private sector banks and foreign banks in India. It also identifies the reasons for the growth in NPA's, the corelation between high NPA and bank performance and highlights the need for a more vigilant approach by the regulator and the government of India in preventing NPA in the banking sector.

Dhoke. S.M et. al. (2023), the purpose of the study was to evaluate the financial management practices of financial services companies in India. For the empirical study, data was collected through a cross sectional questionnaire adopting a stratified sampling technique on a sample size of 145 respondents. The relevant sub topics involved in the study included working capital, investment and financial decisions of service companies. The findings showed that working capital and investment decisions are important determinants of financial performance of service companies and service companies needed to implement working capital management policies and investment decision policies in their entities for maintaining healthy financial discipline and better corporate governance.

Viral Chavda (2017), in his work "A Study of Financial Analysis on FMCG Companies of India", considered five leading FMCG companies in India for the period from 2012-13 to 2016-17. He uses the tools of financial ratios applicable for profitability and liquidity, including Net Profit Ratio, Return on Net Worth Ratio, Return on Assets Ratio, Current Ratio, Quick Ratio, and Inventory Turnover Ratio. For this purpose, descriptive statistics and one-way ANOVA were calculated for the data collected, and the results were found to be significant, that is, showing huge differences in terms of financial performance of the selected companies. The findings realize mixed financial health and performance metrics for these big FMCG players, pushed by financial strategies differing for each and their market positions.

Greta. F and Roberto. I (2023), the empirical study conducted in Italian markets highlights the behaviour of the small and medium enterprises under financial constraint and examines how inefficiency of courts in enforcement of credit rights can affect their corporate finance. The findings reveal that SMEs can be financially affected by judicial inefficiencies and this could limit their exposure to both capital markets and availability of trade credit. It further pushes them to use tax arrears to raise internal liquidity. If the time needed to settle insolvency case decrease by 20% there is an increase in the financial debt ratio between 1.07% and 3.8% and in trade credit ration between 0.14% and 1.35%.

Gosh P.K (2018), the authors relies on judgements of Innoventive Industries Limited, Essar Steel case, Jaypee Infratech case and Lokhandwala Kataria construction case to establish that the higher judiciary through judicial interpretations supported the objective of the IBC and the concept of 'creditor in possession' model under the Code. According to the author, in Innoventive Industries case and Essar steel case, the higher courts clearly ruled that the insolvency proceeding under IBC cannot be delayed by the debtors on flimsy grounds, in Jaypee Infratech case the Supreme court lifted the corporate veil and made the directors of the parent company liable and in Lokhandwala Kataria's case, the Supreme court interfered in the interest of justice and ordered compromise or withdrawal of insolvency proceedings even though the insolvency petition was admitted by the adjudicating authority.

4. Research Objectives

1. To analyse the profitability of selected companies pre CIRP.
2. To analyse the liquidity of selected companies pre CIRP.

5. Sample Size

In this study below mentioned 3 companies have been selected

1. Electrosteel Steels Ltd
2. Uttam Galva Steels Limited
3. Bhushan Steel Ltd

6. Period of Data Coverage

The period of data coverage in this study spans five consecutive fiscal years, specifically from the financial year 2013-14 to 2017-18. During this timeframe, comprehensive analyses of financial ratios have been conducted to assess the pre-Corporate Insolvency Resolution Process (CIRP) financial health of the steel companies under investigation. The utilization of financial data from these specific years enables a detailed examination of the companies' financial performance leading up to the initiation of the CIRP.

7. Data Analysis

7.1 Current Ratio

Table 1: Current Ratio

COMPANY	2017-18	2016-17	2015-16	2014-15	2013-14
CURRENT RATIO					
Electrosteel Steels Ltd	0.13	0.18	0.32	0.52	0.51
Uttam Galva Steels Limited	0.09	0.32	0.40	0.84	0.88
Bhushan Steel Ltd	0.11	0.21	0.19	0.96	0.82

Based on the provided table depicting the current ratio data for Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd for the years 2013-14 through 2017-18, several interpretations and findings can be made.

Electrosteel Steels Ltd: Over the years, Electrosteel Steels Ltd's current ratio has shown a consistent decline. Starting from 0.51 in 2013-14, it dropped to 0.13 in 2017-18. This indicates a potential liquidity issue for the company, as its current assets are becoming insufficient to cover its short-term liabilities. The

declining trend suggests that the company might be facing challenges in managing its current assets effectively or may have increased short-term obligations.

Uttam Galva Steels Limited: Uttam Galva Steels Limited experienced a declining trend in its current ratios over the years. While it started with a relatively high ratio of 0.88 in 2013-14, it dropped significantly to 0.09 in 2017-18. Such a decrease indicates a potential strain on liquidity and an inability to meet short-term obligations. The consistent decline in the current ratio may imply decreasing efficiency in managing current assets and liabilities or adverse changes in the company's financial structure over the years.

Bhushan Steel Ltd: Bhushan Steel Ltd's current ratio portrays a mixed trend over the period under consideration. It began at 0.82 in 2013-14, increased substantially to 0.96 in 2014-15, then decreased gradually to 0.11 in 2017-18. The initial increase followed by a decline might suggest fluctuations in the company's financial health or changes in its operational efficiency and management of current assets and liabilities. The current ratio dropping below 1 in the last year indicates potential liquidity challenges for the company.

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Electrosteel Steels Ltd	5	1.66	0.332	0.03277
Uttam Galva Steels Limited	5	2.53	0.506	0.11758
Bhushan Steel Ltd	5	2.29	0.458	0.15937

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	0.08076	2	0.040380	0.391127	0.684609	3.885294
Within Groups	1.23888	12	0.103240			
Total	1.31964	14				

H0 = There is no significant difference in Current Ratio between selected 3 steel companies of India.

H1 = There is significant difference in Current Ratio between selected 3 steel companies of India.

INTERPRETATION

From above table for 2 and 12 degree of freedom

Fcal is 0.391 and Ftab is 3.885

Thus, Fcal<Ftab and p-value is 0.684, which is more than specified α of 0.05

So, we fail to reject null hypothesis and it is concluded that there is no significant difference in Current Ratio between selected 3 steel companies of India. It also justifies that almost all companies under the study showed similar trend in pre-CIRP period.

7.2 Quick Ratio

Table 2: Quick Ratio

COMPANY	2017-18	2016-17	2015-16	2014-15	2013-14

QUICK RATIO					
Electrosteel Steels Ltd	0.07	0.06	0.16	0.28	0.28
Uttam Galva Steels Limited	0.03	0.20	0.25	0.51	0.66
Bhushan Steel Ltd	0.04	0.10	0.09	0.36	0.31

Based on the provided table depicting the quick ratio data for Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd for the years 2013-14 through 2017-18, several interpretations and findings can be made.

Electrosteel Steels Ltd: Electrosteel Steels Ltd has demonstrated a declining trend in its quick ratio over the years. Starting at 0.28 in 2013-14 and maintaining the same in 2014-15, the ratio then decreased to 0.16 in 2015-16, further to 0.06 in 2016-17, and slightly increased to 0.07 in 2017-18. This decline indicates that the company's ability to cover its short-term liabilities with its most liquid assets has weakened over time, which may suggest increasing liquidity risks and potential challenges in meeting immediate financial obligations.

Uttam Galva Steels Limited: Uttam Galva Steels Limited has also experienced a decreasing trend in its quick ratio. The company started with a ratio of 0.66 in 2013-14, which then dropped to 0.51 in 2014-15. This was followed by further declines to 0.25 in 2015-16, a brief increase to 0.20 in 2016-17, and then a significant drop to 0.03 in 2017-18. The overall downward trend signifies a reduction in the company's liquidity, indicating increasing difficulty in meeting short-term obligations using its most liquid assets.

Bhushan Steel Ltd: Bhushan Steel Ltd shows a fluctuating yet generally declining trend in its quick ratio. Beginning at 0.31 in 2013-14, the ratio increased slightly to 0.36 in 2014-15, then decreased to 0.09 in 2015-16, increased to 0.10 in 2016-17, and then dropped again to 0.04 in 2017-18. This inconsistent trend, with an overall decline, points to unstable liquidity conditions, indicating challenges in managing liquid assets effectively to cover short-term liabilities

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Electrosteel Steels Ltd	5	0.85	0.17	0.0116
Uttam Galva Steels Limited	5	1.65	0.33	0.06365
Bhushan Steel Ltd	5	0.9	0.18	0.02085

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	0.080333	2	0.040167	1.253902	0.320241	3.885294
Within Groups	0.3844	12	0.032033			
Total	0.464733	14				

H0 = There is no significant difference in Quick Ratio between selected 3 steel companies of India.

H1 = There is significant difference in Quick Ratio between selected 3 steel companies of India.

INTERPRETATION

From above table for 2 and 12 degree of freedom

Fcal is 1.253 and Ftab is 3.885
Thus, Fcal<Ftab and p-value is 0.320, which is more than specified α of 0.05
So, we fail to reject null hypothesis and it is concluded that there is no significant difference in Quick Ratio between selected 3 steel companies of India.

7.3 Net Profit Margin

Table 3: Net Profit Margin

COMPANY	2017-18	2016-17	2015-16	2014-15	2013-14
NET PROFIT MARGIN					
Electrosteel Steels Ltd	-177.08	-57.50	-12.57	-34.07	-56.72
Uttam Galva Steels Limited	-34.58	-10.24	-15.21	0.44	0.64
Bhushan Steel Ltd	-141.85	-25.54	-28.01	-11.77	0.64

The table provides the net profit margin data for Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd for the years 2013-14 through 2017-18. Let's interpret the findings for each company and conduct a comparative analysis.

Electrosteel Steels Ltd: The net profit margin for Electrosteel Steels Ltd shows consistently negative values across all years, indicating that the company has been experiencing losses. The magnitude of the losses seems to have worsened over time, with a significant increase in negative net profit margins from -56.72% in 2013-14 to -177.08% in 2017-18. Such sustained losses suggest operational inefficiencies, cost management issues, or other financial challenges affecting the company's profitability.

Uttam Galva Steels Limited: Uttam Galva Steels Limited experienced a fluctuating net profit margin over the years. Starting with a small positive net profit margin of 0.64% in 2013-14, the company saw a decline to 0.44% in 2014-15. The margin then turned negative, dropping to -15.21% in 2015-16, improving slightly to -10.24% in 2016-17, and further declining to -34.58% in 2017-18. However, the magnitude of losses is less severe compared to Electrosteel Steels Ltd. This suggests that Uttam Galva Steels Limited is also facing profitability challenges, which could stem from similar operational or financial difficulties.

Bhushan Steel Ltd: Bhushan Steel Ltd's net profit margin follows a pattern similar to the Uttam Galva Steels Limited. The company experienced a significant deterioration in profitability from 2013-14 to 2017-18, with the net profit margin dropping from 0.64% to -141.81%. Such substantial losses indicate significant financial distress, operational inefficiencies, or other underlying issues affecting the company's ability to generate profits.

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Electrosteel Steels Ltd	5	-337.94	-67.588	4089.704
Uttam Galva Steels Limited	5	-58.95	-11.79	209.3902
Bhushan Steel Ltd	5	-210.53	-42.106	3495.86

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	7803.015	2	3901.507	1.501551	0.261819	3.885294
Within Groups	31179.82	12	2598.318			
Total	38982.83	14				

H0 = There is no significant difference in Net Profit Margin between selected 3 steel companies of India.
H1 = There is significant difference in Net Profit Margin between selected 3 steel companies of India.

INTERPRETATION

From above table for 2 and 12 degree of freedom
Fcal is 1.501 and Ftab is 3.885
Thus, Fcal<Ftab and p-value is 0.261, which is more than specified α of 0.05
So, we fail to reject null hypothesis and it is concluded that there is no significant difference in Net Profit Margin between selected 3 steel companies of India.

7.4 Return on Assets

Table 4: Return on Asset

COMPANY	2017-18	2016-17	2015-16	2014-15	2013-14
RETURN ON ASSETS					
Electrosteel Steels Ltd	-77.01	-11.24	-2.39	-4.66	-2.55
Uttam Galva Steels Limited	-10.58	-4.40	-10.04	0.34	0.44
Bhushan Steel Ltd	-62.28	-5.79	-5.54	-2.36	0.12

The provided table presents the return on assets (ROA) data for Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd for the years 2013-14 through 2017-18. Let's interpret the findings for each company and conduct a comparative analysis.

Electrosteel Steels Ltd: The return on assets for Electrosteel Steels Ltd consistently shows negative values across all years, indicating that the company's assets are not generating sufficient returns. The magnitude of the negative ROA indicates significant underperformance, with the ROA worsening from -2.55% in 2013-14 to -77.01% in 2017-18. Such a trend suggests that the company is struggling to effectively utilize its assets to generate profits, potentially due to operational inefficiencies or financial challenges.

Uttam Galva Steels Limited: Uttam Galva Steels Limited exhibits fluctuating yet predominantly negative trend on return on assets throughout the period. However, the magnitude of the negative ROA is less severe compared to Electrosteel Steels Ltd. Despite this, there is a concerning trend of decreasing ROA, with the value dropping from 0.44% in 2013-14 to -10.58% in 2017-18. This suggests that Uttam Galva Steels Limited is facing challenges in generating satisfactory returns from its assets, which could be attributed to operational inefficiencies or financial constraints.

Bhushan Steel Ltd: Bhushan Steel Ltd has also experienced a predominantly negative trend in return on assets indicating a consistent underutilization of assets in generating profits. The magnitude of the negative ROA worsens over the years, with the ROA decreasing from 0.12% in 2013-14 to -62.29% in 2017-18.

Such a decline suggests significant challenges in effectively leveraging the company's assets to generate returns, potentially due to operational difficulties or financial distress.

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Electrosteel Steels Ltd	5	-97.85	-19.57	1043.971
Uttam Galva Steels Limited	5	-24.24	-4.848	28.72292
Bhushan Steel Ltd	5	-75.85	-15.17	699.4884

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	571.0683	2	285.5341	0.48336	0.628213	3.885294
Within Groups	7088.729	12	590.7274			
Total	7659.797	14				

H0 = There is no significant difference in Return on Asset between selected 3 steel companies of India.
H1 = There is significant difference in Return on Asset between selected 3 steel companies of India.

INTERPRETATION

From above table for 2 and 12 degree of freedom
Fcal is 0.483 and Ftab is 3.885
Thus, Fcal<Ftab and p-value is 0.628, which is more than specified α of 0.05
So, we fail to reject null hypothesis and it is concluded that there is no significant difference in Return on Asset between selected 3 steel companies of India.

7.5 Return on Capital Employed

Table 5: Return on Capital Employed

COMPANY	2017-18	2016-17	2015-16	2014-15	2013-14
RETURN ON CAPITAL EMPLOYED					
Electrosteel Steels Ltd	1.65	-5.30	-3.65	-6.24	-2.96
Uttam Galva Steels Limited	-12.66	-15.19	-26.13	0.60	0.79
Bhushan Steel Ltd	-2.03	3.97	1.05	3.06	4.59

The table presents the return on capital employed (ROCE) data for Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd for the years 2013-14 through 2017-18. Let's interpret the findings for each company and conduct a comparative analysis.

Electrosteel Steels Ltd: Electrosteel Steels Ltd shows a mixed trend in return on capital employed, with positive values observed in some years and negative values in others. In 2017-18, the ROCE improved to

1.65%, indicating a modest return on the capital employed during that period. However, the preceding years show negative ROCE, suggesting that the company struggled to generate adequate returns compared to the capital employed. The fluctuations may indicate volatility in the company's financial performance or challenges in efficiently utilizing its capital.

Uttam Galva Steels Limited: Uttam Galva Steels Limited displays consistently negative return on capital employed across all years, indicating that the capital employed in the business is not generating satisfactory returns. The magnitude of negative ROCE is quite significant, with the lowest point being -26.13% in 2015-16. This suggests severe challenges in generating profits relative to the capital invested, potentially indicating operational inefficiencies or financial difficulties within the company.

Bhushan Steel Ltd: Bhushan Steel Ltd's return on capital employed also varies over the years, with both positive and negative values observed. The ROCE improved slightly to 1.15% in 2017-18, indicating a modest return on the capital employed during that period. However, the preceding years show mostly negative ROCE, suggesting challenges in generating satisfactory returns compared to the capital employed. This could be indicative of operational or financial issues affecting the company's profitability and efficiency.

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Electrosteel Steels Ltd	5	-16.5	-3.3	9.34605
Uttam Galva Steels Limited	5	-52.59	-10.518	130.4078
Bhushan Steel Ltd	5	10.64	2.128	7.19352

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	402.4734	2	201.2367	4.108343	0.043735	3.885294
Within Groups	587.7894	12	48.98245			
Total	990.2627	14				

H0 = There is no significant difference in Return on Capital Employed (ROCE) between selected 3 steel companies of India.

H1 = There is significant difference in Return on Capital Employed (ROCE) between selected 3 steel companies of India.

INTERPRETATION

From above table for 2 and 12 degree of freedom

Fcal is 4.108 and Ftab is 3.885

Thus, Fcal>Ftab and p-value is 0.043, which is more than specified α of 0.05

So, we fail to reject null hypothesis and it is concluded that there is no significant difference in Return on Capital Employed (ROCE) between selected 3 steel companies of India.

8. Conclusion

Based on the interpretation of the five ratios: current ratio, quick ratio, net profit margin, return on assets, and return on capital employed of Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd over the years 2013-14 through 2017-18, several conclusions can be drawn:

All three companies exhibit signs of financial distress and operational challenges. The consistently low current ratios and quick ratio across the companies suggest potential liquidity issues, with their current assets failing to cover short-term liabilities adequately. Negative net profit margins across the board indicate that the companies are struggling to generate profits. The magnitude of losses has increased over time for most companies, indicating worsening profitability trends and potential inefficiencies in cost management or revenue generation.

Negative return on assets for all companies suggests inefficient utilization of assets to generate profits. The declining trend in return on assets for Electrosteel Steels Ltd and Uttam Galva Steels Limited indicates challenges in effectively leveraging assets to generate returns, potentially due to operational inefficiencies or financial constraints. Return on capital employed varies across the companies, with some periods showing positive returns and others negative. However, the overall trend indicates challenges in generating satisfactory returns compared to the capital invested, highlighting potential inefficiencies in capital utilization or financial difficulties.

There is no significant difference in the current ratio and quick ratio between the selected three steel companies of India. This implies that all companies face similar challenges in managing liquidity, with their current assets often insufficient to cover short-term liabilities adequately. Secondly, the analysis indicates that there is no significant difference in net profit margin between the selected three steel companies of India. This suggests that all companies experience similar struggles in generating profits, with negative net profit margins prevailing across the board. Thirdly, there is no significant difference in return on assets between the selected three steel companies of India. This indicates that all companies face challenges in effectively utilizing their assets to generate satisfactory returns, highlighting potential inefficiencies in asset management or operational difficulties. Lastly, there is no significant difference in return on capital employed (ROCE) between the selected three steel companies of India. This implies that all companies encounter similar obstacles in generating satisfactory returns compared to the capital invested, indicating potential inefficiencies in capital utilization or financial constraints.

Overall, the analysis of these ratios indicates that Electrosteel Steels Ltd, Uttam Galva Steels Limited, and Bhushan Steel Ltd are all facing significant financial and operational challenges. These challenges encompass liquidity constraints, profitability concerns, inefficient asset utilization, and suboptimal capital efficiency. The findings underscore the need for strategic interventions and operational improvements to enhance financial health, profitability, and overall performance across the companies.

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