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Financial Performance of Welspun Corp. Ltd. in India

N. Thangaraj[1*], M. Mekala[2]
[1]*Research Scholar, Department of Management, Karuppannan Mariyappan College, Muthur, India*
[2]*Professor, Department of Management, Karuppannan Mariyappan College, Muthur, India*
*Corresponding author: thangarajkmc@gmail.com

***Abstract*: Strategic financial analysis is a powerful, value-creating framework that helps this organisation assess strategy, analyze the performance, and value a business. Analyze financial statements to assess the effective management of key success factors and business risks. The Indian steel industries have created a fastest growing on robust fundamentals over the past few years. The study is descriptive and analytical in nature The business is obtaining all essential ingredients needed for dynamic growth. This paper deals with financial analysis of selected Welspun Corp Ltd steel industry in India. The result shows that the performance of Welspun Corp Ltd was better as compare to financial performance. Even in basic Sales, Expenses and profit of Welspun Corp. Ltd. performed well.**

***Keywords*: Expenses, EPS, Other Income, Profit, Sales.**

1. Introduction

A production and financial management is composed out of data according to lucid and solid bookkeeping frameworks. The steel industry is often considered an indicator of economic progress because of the critical role played by steel in infrastructural and overall economic development. Its inspiration is to pass on an appreciation of some cash related parts of a business firm. It may show a position at this moment of time as by virtue of a monetary record, or may reveal a movement of authorizes over a given time span, as by virtue of a compensation clarifications. Before the introduction of the Bessemer process and other modern production techniques, steel was expensive and was only used where no cheaper alternative existed, particularly for the cutting edge of knives, razors, swords, and other items where a hard, sharp edge was needed. It was also used for springs, including those used in clocks and watches. Steel was known in antiquity and was produced in bloomeries and crucibles. Steel is everywhere in our lives for a reason. Steel is the great collaborator, working together with all other materials to advance growth and development.

The "Steel story is the history of development". This timeline takes you through the early use of steel, the industrial revolution and the "Bessemer Process" through to the high - tech applications of the present. 13th century BC Invention of steel - iron and charcoal come together Early blacksmiths discovered that iron became harder and stronger when left in charcoal furnaces. 3rd century BC Wootz steel. Born in ancient India as early as the third century BC, the craftsmen of southern India used crucibles to smelt wrought iron with charcoal to produce 'wootz' steel – a material that is still admired today. Roman Era with war comes progress Imperial armies, including those of China, Greece, Persia and Rome, were eager for strong, durable weapons and armour. The Romans learned how to temper work-hardened steel to reduce its brittleness. 3rd century AD China steels the showChinese craftsmen manufactured high-quality steel, likely having something similar to the Bessemer process (which was only developed in Europe in the 19th century) as early as the second century BC. 18th century artisanal steel, Artisanal blacksmith pilled their ancient trade using iron, steel and a new simple tool. They produced handmade creations that were useful and beautiful.

2. Statement of the Problem

Annual statement helps a vital role in estimating the projected income of a firm by considering the real cash outflows and inflows during a particular period. Annual Report at the year-end will give the detailed information to the investor's creditors and other related stakeholders to estimate the financial positions of a firm. Projected cash flow helps us to meet out the financial obligation like dividend payout and estimate production and financial statements necessitates of an organization, both investing and financing transaction directly depend real estimation of annual statements. Since steel industry is a core industry which requires huge amount of cash flow for its financial obligations and its operating functions. The researcher has done the research on the financial functionalities of the selected Welspun Corp. Ltd. in order to summarize the financial performance and Sales, Expense, Profit, Other Income and EPS during the study period.

3. Purpose of Competency Mapping

- To study the financial performance of the Welspun Corp Ltd.
- To evaluate the annual growth of the financial performance in Welspun Corp Ltd.

4. Objectives of the Study

- To evaluate the overall financial performance of dominant Welspun Corp Ltd in Sales, Expenses, Profit, Other Income and EPS.
- To observe the area of weakness of the selected Welspun Corp Ltd and make some suggestions for improvement of the financial performance of the industries.

5. Review of Literature

Literature survey looks at the current and past theories that are behind the research subject. Several researchers have addressed different methods and techniques for obtaining the competency maps and gap analysis. Let us have a brief look at few of them.

Aritra Ranjan Das (2018) examined that the financial performance of selected units in the steel industry in India in terms of financial ratios such as Liquidity, Solvency, Profitability and Efficiency position. For the study following companies listed in the stock exchanges in India viz. Tata Steel Ltd J S W Steel Ltd, Jindal Steel & Power Ltd and Steel Authority of India Ltd. are selected. ANOVA-Test analysis is employed to evaluate the impact of selected variables on the financial performance of identified units in the steel industry.

Konda Reddy (2019) stated that the Indian steel firms have created a quick improvement on robust fundamentals over the recent few years. The business is obtaining all essential ingredients needed for dynamic growth. The government is backing the business through favourable industrial reforms, whereas the non-public sector is supporting it with investments value and billions of greenbacks.

Chetana R Marvadi (2016) examined that the financial position and health of the firm is a very crucial point for shareholders. All the decision of firms is taken on the basis of financial soundness of a firm. Under this background Altman's Z-Score dominates for deciding the financial bankruptcy of a firm and there by a firm can easily judge its financial condition.

Sivakumar (2013) stated that financial viability of the industry become essential to understand the strength steel industry in given competitive situation and also said that these measure would go a long way in increasing the efficiency of the steel industry.

Selvam (2004) made a study to predict the financial health and viability of India cement limited, they stated that financial health play an important role in successful functioning of firms and also poor financial health threatens very survival and leads to business failure. However, they concluded that the cement company under study was just on the range of financial collapse.

Venkat Janardhan Rao (2009) examined that the health of two private sector companies-Mahindra and Mahindra limited and Eicher Motors, it was found that Mahindra and Mahindra motors limited which shows unfavourable financial position of that company and it was concluded that financial performance of Eicher motors limited was better than Mahindra and Mahindra limited.

6. Research Methodology

The basic objective of this research is to study the financial position of selected Welspun Corp Ltd in India. The study is based on secondary data which were gathered from website of companies. The period of study is ten years from the year 2008-09 to 2017-18. The nature of the study is descriptive and analytical. Analysis has been done with the help of one - way ANOVA technique.

7. Data and Source of Data

The study is empirical in nature and based on secondary data. The relevant data are collected from secondary sources like annual report database, audited balance sheets and profit and loss account, annual reports of respective companies, economic survey and annual survey of Industries. The study mainly aims at measuring the financial performances of Welspun Corp Ltd in India are selected for the study. The referred period of study is twenty years from 2008-09 to 2017-18.

8. Hypothesis of the Study

H_0: There is no significant relationship difference between the Sales, Expenses, Profit, Other Income and EPS.

H_1: There is significant relationship difference between the Sales, Expenses, Profit, Other Income and EPS.

9. Analysis and Interpretation

Five types of profit loss data have been used for the analysis, to measure the financial performance of Welspun Corp. Ltd. The statistical tools like total, average, percentage have been used for the study. One-way ANOVA is applied to test the hypothesis.

Table 1
Year wise Annual statement for Welspun Corp. Ltd.

Narration	Sales	Expenses	Other Income	Net profit	EPS
Mar 2009	5,608.71	5,149.65	296.52	213.51	11.45
Mar 2010	7,332.79	6,045.05	71.28	610.40	29.87
Mar 2011	8,022.07	6,757.61	113.66	633.03	30.93
Mar 2012	8,976.57	8,119.51	267.58	238.54	10.47
Mar 2013	9,083.21	8,598.75	-26.49	-70.32	-2.67
Mar 2014	7,704.73	7,035.00	174.20	73.39	2.79
Mar 2015	8,450.49	7,608.27	95.60	69.04	2.62
Mar 2016	7,235.50	6,457.81	108.43	151.81	5.72
Mar 2017	5,898.71	5,386.29	145.30	26.43	1.00
Mar 2018	7,542.56	6,859.04	45.30	158.30	5.97

Source: https://www.screener.in/excel/

The above table 1 shows that the Welspun Corp Limited was produced to the steel from annual statement and sales difference between the following years 2008 - 09 and 2009-10 sales growth is 30.74 % followed by the industry produced steel and sales difference between the following years 2009 - 10 and 2010-11 sales growth is 9.40 %, the industry produced steel and

sales difference between the following years 2010 - 11 and 2011-12 sales growth is 11.90 %, the industry produced steel and sales difference between the following years 2011 - 12 and 2012-13 sales growth is 1.19 %, the industry produced steel and sales difference between the following years 2012 - 13 and 2013-14 sales degrowth is 15.18 %, the industry produced steel and sales difference between the following years 2013 - 14 and 2014-15 sales growth is 9.68 %, the industry produced steel and sales difference between the following years 2014 - 15 and 2015-16 sales degrowth is 14.38 %, the industry produced steel and sales difference between the following years 2015 - 16 and 2016-17 sales degrowth is 18.48 % and the industry produced steel and sales difference between the following years 2016 - 17 and 2017-18 sales growth is 27.87 %.

Welspun Corp LTD was produced to the steel from annual statement and Expenses difference between the following years 2008 - 09 and 2009-10 Expenses growth is 17.39 % followed by the industry produced steel and Expenses difference between the following years 2009 - 10 and 2010-11 Expenses growth is 11.79 %, the industry produced steel and Expenses difference between the following years 2010 - 11 and 2011-12 Expenses growth is 20.15 %, the industry produced steel and Expenses difference between the following years 2011 - 12 and 2012-13 Expenses growth is 5.90 %, the industry produced steel and Expenses difference between the following years 2012 - 13 and 2013-14 sales degrowth is 18.19 %, the industry produced steel and Expenses difference between the following years 2013 - 14 and 2014-15 Expenses growth is 8.15 %, the industry produced steel and Expenses difference between the following years 2014 - 15 and 2015-16 Expenses degrowth is 15.12 %, the industry produced steel and Expenses difference between the following years 2015 - 16 and 2016-17 Expenses degrowth is 16.59 % and the industry produced steel and Expenses difference between the following years 2016 - 17 and 2017-18 Expenses growth is 27.34 %.

Welspun Corp Limited was produced to the steel from annual statement and Other Income difference between the following years 2008 - 09 and 2009-10 Other Income growth is 75.96 % followed by the industry produced steel and Other Income difference between the following years 2009 - 10 and 2010-11 Other Income degrowth is 59.45 %, the industry produced steel and Other Income difference between the following years 2010 - 11 and 2011-12 Other Income growth is 135.42 %, the industry produced steel and sales difference between the following years 2011 - 12 and 2012-13 Other Income degrowth is 109.89 %, the industry produced steel and Other Income difference between the following years 2012 - 13 and 2013-14 Other Income degrowth is 757.60 %, the industry produced steel and Other Income difference between the following years 2013 - 14 and 2014-15 Other Income degrowth is 45.12 %, the industry produced steel and Other Income difference between the following years 2014 - 15 and 2015-16 Other Income growth is 13.42 %, the industry produced steel and Other Income difference between the following years 2015 - 16 and 2016-17 Expenses degrowth is 34.00 % and the industry produced steel and Other Income difference between the following years 2016 - 17 and 2017-18 Other Income growth is 68.82 %.

Welspun Corp Limited was produced to the steel from annual statement and net profit difference between the following years 2008 - 09 and 2009-10 net profit growth is 185.89 % followed by the industry produced steel and net profit difference between the following years 2009 - 10 and 2010-11 net profit degrowth is 3.71 %, the industry produced steel and net profit difference between the following years 2010 - 11 and 2011-12 net profit degrowth is 62.32 %, the industry produced steel and net profit difference between the following years 2011 - 12 and 2012-13 net profit degrowth is 129.48 %, the industry produced steel and net profit difference between the following years 2012 - 13 and 2013-14 net profit degrowth is 204.37 %, the industry produced steel and net profit difference between the following years 2013 - 14 and 2014-15 net profit degrowth is 5.93 %, the industry produced steel and net profit difference between the following years 2014 - 15 and 2015-16 net profit growth is 119.89 %, the industry produced steel and net profit difference between the following years 2015 - 16 and 2016-17 net profit degrowth is 82.59 % and the industry produced steel and net profit difference between the following years 2016 - 17 and 2017-18 net profit degrowth is 498.94 %.

Welspun Corp Limited was produced to the steel from annual statement and EPS difference between the following years 2008 - 09 and 2009-10 EPS growth is 160.87 % followed by the industry produced steel and EPS difference between the following years 2009 - 10 and 2010-11 EPS degrowth is 3.54 %, the industry produced steel and EPS difference between the following years 2010 - 11 and 2011-12 EPS degrowth is 66.15 %, the industry produced steel and EPS difference between the following years 2011 - 12 and 2012-13 EPS degrowth is 125.50%, the industry produced steel and EPS difference between the following years 2012 - 13 and 2013-14 EPS degrowth is 204.49 %, the industry produced steel and EPS difference between the following years 2013 - 14 and 2014-15 EPS degrowth is 6.09 %, the industry produced steel and EPS difference between the following years 2014 - 15 and 2015-16 EPS growth is 118.32 %, the industry produced steel and EPS difference between the following years 2015 - 16 and 2016-17 EPS degrowth is 82.52 % and the industry produced steel and EPS difference between the following years 2016-17 and 2017-18 EPS degrowth is 497.00 %.

Hypothesis Testing:

Efficiency of working capital management and profitability about

To examine the impact of working capital management on profitability four regression equations have been used. The determinants of profitability are estimated with a fixed effect model.

Coefficient of correlation of various variables of working capital management and profitability are exhibited in the above

Table 2
Determinants of Working Capital Management and Profitability

		Correlations				
		Sales	Expenses	Other Income	Net profit	EPS
Pearson Correlation	Sales	1.000	0.967**	-0.396*	-0.045	-0.062
	Expenses	0.967**	1.000	-0.375*	-0.282	-0.294
	Other Income	-0.396	-0.375	1.000	0.095	0.099*
	Net profit	-0.045	-.282	0.095	1.000	0.997**
	EPS	-0.062	-0.294	0.099	0.997**	1.000
Sig. (1-tailed)	Sales	-	0.000	0.128	0.451	0.433
	Expenses	0.000	-	0.143	0.215	0.205
	Other Income	0.128	0.143	-	0.397	0.393
	Net profit	0.451	0.215	0.397	-	0.000
	EPS	0.433	0.205	0.393	0.000	-
Number of Years		**10**				
Mean		**7585.5340**	**7585.5340**	**129.1380**	**210.4130**	**9.8150**
Std. Deviation		**1158.17832**	**1110.53851**	**97.67539**	**234.98650**	**11.63042**

Table 3
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0.997[a]	0.995	0.990	113.19481	0.995	234.298	4	5	0.000	1.774
a. Predictors: (Constant), EPS, Other Income, Expenses, Net profit										
b. Dependent Variable: Sales										

Table 4
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12008327.902	4	3002081.976	234.298	.000[b]
	Residual	64065.329	5	12813.066		
	Total	12072393.231	9			
a. Dependent Variable: Sales						
b. Predictors: (Constant), EPS, OtherIncome, Expenses, Netprofit						

Table 5
Un standardized Coefficients

Model				Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	154.803	296.367		.522	.624
	Expenses	1.058	.039	1.015	27.487	.000
	Other Income	-.430	.417	-.036	-1.031	.350
	Net profit	4.061	1.997	.824	2.034	.098
	EPS	-57.851	40.497	-.581	-1.429	.213

table. Sales is found positively correlated with Expenses, and Sales exhibited a negative correlation with Other Income, Net profit and EPS. Correlation between Sales & Expenses is found statistically significant. Expenses is found positively correlated with Sales out of this, coefficient of correlation between Expenses & Sales is found statistically significant while, a negative but statistically insignificant correlation have been found between Expenses and other variables. Other Income is found positively correlated with Net profit and EPS out of this, coefficient of correlation between Other Income & Net profit and EPS is found statistically significant while, a negative but statistically insignificant correlation have been found between Other Income and other variables. Net profit is found positively correlated with Other Income and EPS out of this, coefficient of correlation between Net profit & EPS and Other Income is found statistically significant while, a negative but statistically insignificant correlation have been found between Net profit and other variables. EPS is found positively correlated with Other Income and Net profit out of this, coefficient of correlation between EPS & Other Income and Net profit is found statistically significant while, a negative but statistically insignificant correlation have been found between EPS and other variables.

However, all these correlations found statistically insignificant. Similarly, other income shows very weak or almost negligible positive but statistically insignificant correlation with Net profit and Expense and very weak negative and statistically insignificant correlation with other income, Net profit and EPS. Sales and Expense are highly positively correlated with each other and all the correlation coefficients are found statistically significant at 95% level of confidence during the study period.

Regression (1) is estimated with Net profit. The coefficient of Net profit is found negative relation, but this relationship is found statistically insignificant, R^2 value is 0.995 and the value is 0.997, F Value is 234.298. Furthermore, coefficient of variable named net profit is also found significant in all cases.

Un standardised co efficient of Beta vale are following

Expense is 1.015, Other Income is negatively 0.036, Other Income is 0.824 and EPS is negatively 0.581. Un standardised co efficient of T value are the following constant variable is 0.522, Expense is 27.487, Other Income is negatively 1.031, Other Income is 2.034 and EPS is negatively 1.429. The Durbin -Watson statisticlies in the range 0 - 4. A value of 2 or nearly 2 indicates that there is no first-order autocorrelation. An acceptable range is 1.50 - 2.50. The regression estimated to the Durbin-Watson Statistic value is 1.774, hypothesis has been accepted.

10. Conclusion

The present study have been attempted to identify gaps in the performance level of Welspun Corp. Limited in India. A total of three dimensions have been used to assess the financial performance level and identify the gaps. It is found that the sales plays a vital role among the Expenses and needs to improve the profit among the financial performance in which they are compared with the annual reports. This could be developed by giving production and financial stability development for the organization.

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