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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

EVALUATION OF FINANCIAL PERFORMANCE OF STEEL INDUSTRY OF INDIA

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ABSTRACT

Iron and Steel Industry is importance for the economic development of a country in terms of foreign exchange, employment generation, infrastructure development and technology. It is one of the most energy intensive sectors in Indian economy. The Steel Industry is a fundamental sector for development of nation. The level of per capita consumption of steel is treated as an important index of the level of socioeconomic development and standard of living of the people in any country. 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%.

KEYWORDS

steel industry, iron industry.

INTRODUCTION

Steel is fundamental to the development of any nation. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and standard of living of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation. All major industrial economies are characterized by the existence of a strong Iron and Steel Industry and the growth of many of these economies has been largely shaped by the strength of their steel industry in their initial stages of development. Iron and Steel Industry was revolution in the liberalization of the industrial sector and has made rapid strides since then. The new Greenfield plants represent the latest in technology.

STATEMENT OF THE PROBLEM

Iron and Steel Industry is importance for the economic development of a country in terms of foreign exchange, employment generation, infrastructure development and technology. It is one of the most energy intensive sectors in India economy. The government is planning a massive enhancement of the iron and steel production capacity of India with the modernization of the existing iron and steel plants.

OBJECTIVES OF THE STUDY

1. To evaluate the financial performance of Steel Industry in India.
2. To measure the liquidity position of Steel Industry in India.
3. To analyze the profitability position of Steel Industry in India.

HYPOTHESES OF THE STUDY

In the light of objectives, the hypotheses of the study are as follows:
H_1: There is no significant impact of sales on liquidity position of Steel Industry in India.
H_2: There is no significant impact of sales on profitability position of Steel Industry in India.
H3: There is no significant impact of sales on solvency position of Steel Industry in India.
The term 'financial performance analysis also known as analysis and interpretation of financial statements', refers to the process of determining financial strength and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data. "Financial performance analysis is a process of evaluating the relationship between component parts of a financial statement to obtain a better understanding of a firm's position and performance. The purpose of financial analysis is to diagnose the information contained in financial statements so as to judge the profitability and financial soundness of the firm. Just like a doctor examines his patient by recording his body temperature, blood pressure etc. Before making this conclusion, regarding the illness and before giving his treatment.

A financial analyst analyses the financial statements with various tools of analysis before commenting upon the financial health or weaknesses of an enterprise. The analysis and interpretation of financial statements is essential to bring out the mystery behind the figures in financial statements. Financial statements analysis is an attempt to determine the significance and meaning of the financial statement data so that forecast may be made of the future earnings, ability to pay interest and debt maturities (both current and long term) and profitability of a sound divided policy.

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. In short, the firm itself as well as various interested groups such as managers, shareholders, creditors, tax authorities, and others.

Ratio analysis is a technique of analysis and interpretation of financial statement. It is the process of establishing and interpreting various ratios for helping in making certain decisions. It is the only means of better understanding of financial strengths and weakness of a firm.

There are various ratios which can be calculated from the information given in the financial statements, but in the study we select the appropriate data and calculate only a few appropriate ratios. The important ratios taken are liquidity ratio, long term solvency activity and profitability ratios. To measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. In short, the firm itself as well as various interested groups such as managers, shareholders, creditors, tax authorities, and others.

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RESEARCH DESIGN

Research design constitutes the blueprint for the collection, measurement and analysis of data. The research applied in the study is Analytical Research Design. Analytical study is a system of procedures and techniques of analysis applied to quantitative data. It may consist of a system of mathematical models or statistical techniques applicable to numeric data.

SOURCES OF DATA

For the study secondary data is used. The data are collected from the Centre for Monitoring the Indian economy (CMIE), journals, magazine, Bulletins, library sources.

DATA ANALYSIS

The Performance analysis of select Iron and Steel Industry in India were analyzed for the period of ten years from 2006-07 to 2015-2016 with the help of the following tools and techniques.

TOOLS USED FOR THE STUDY

In order to "Evaluation of financial performance of steel industry of India, a number of financial and statistical tools have been applied. Financial tools include liquidity, profitability and solvency ratios have been applied.

OPERATIONAL DEFINITIONS

Current Ratio: The current ratio is a liquidity ratio which estimates the ability of a company to pay back short-term obligations. This ratio is also known as cash asset ratio, cash ratio, and liquidity ratio. A higher current ratio indicates the higher capability of a company to pay back its debts. The formula used for computing current ratio is: current Assets / current liabilities.

Quick Ratio: The quick ratio also referred as the "acid test ratio" or the "quick assets ratio", this ratio is a gauge of the short term liquidity of a firm. The quick ratio is helpful in measuring a company's short term debts with its most liquid assets.

Debt-to-equity ratio: The debt-to-equity ratio is quantification of a firm's financial leverage estimated by dividing the total liabilities by stockholders' equity. This ratio indicates the proportion of equity and debt used by the company to finance its assets.

Interest Coverage ratio: Measures your ability to meet interest payment obligations with business income. Ratios close to 1 indicates company having difficulty generating enough cash flow to pay interest on its debt. Ideally, a ratio should be over 1.5.

Net profit ratio (NP ratio) is a popular profitability ratio that shows relationship between net profit after tax and net sales. It is computed by dividing the net profit (after tax) by net sales. For the purpose of this ratio, net profit is equal to gross profit minus operating expenses and income tax. All non-operating revenues and expenses are not taken into account because the purpose of this ratio is to evaluate the profitability of the business from its primary operations. Examples of non-operating revenues include interest on investments and income from sale of fixed assets. Examples of non-operating expenses include interest on loan and loss on sale of assets.

REVIEW OF LITERATURE

Anshan Lakshmi (2003) "A Study of the Financial Performance with Reference to Steel Industries Kerala Ltd". This study covered from 1977- 1998 to 2001-2002, the objectives of the study was to analyze and evaluate the working capital management, to analyze the liquidity position of the company, to evaluate the receiv-ables, payables and cash management and to suggest ways and means to improve the present date of working capital. The major tools used for the analysis say that the working capital management was every author suggested that the inventory management have to be corrected.

Bardia (2004) in the study on "Liquidity and Management – A case study of Steel Authority of India Limited" analyzed the management of liquidity position of Steel Authority of India Limited, one of the largest public sector steel manufacturing companies of India for the period 1991-92 to 2001-02. The study assessed the liquidity maintained by the steel giant and examined the liquidity position of the company based on some important parameters mainly employed for measuring liquidity. The study has applied comprehensive rank test for comparing the liquidity position of the company. Spearman's rank correlation has been applied to extent of relationship between liquidity and profitability. The study concluded that the liquidity and profitability more in the same direction and Spearman's rank correlation coefficient and students 't' test showed a significant positive association between liquidity and profitability of the company during the period under study.

Sudipta Ghosh (2008) has conducted a case study in liquidity management of Tata Iron and Steel Company (TISCO). During the period of the study, it was found that the liquidity position of the company, on the basis of current ratio as well as quick ratio, was not satisfactory. It indicated that the share of current assets in total assets of the company, on an average, was 29.1 percent during the period of study. The fluctuation in the liquidity position over different years of the study period might be a point for investigation into the financial efforts of the company. It was suggested that to maintain overall control of liquidity position, the company should give special attention to the management of current assets. He found that the degree of influence of liquidity on its profitability was low and insignificant.

Khatik S.K, Varghese Titto (2013) "Financial analysis of steel authority of India limited" states that financial analysis is used to analyze whether an entity is stable, solvent, liquid or profitable enough to be invested in financial analysis is just like doctor who examine the fitness of the human body. For analysis of the financial position of the SAIL, gross profit ratio, net profit and operating ratio, productivity investment and solvency ratios are calculated.

Asha Sharma (2013) his study examined that impact on liquidity as well profitability. The impact on effectiveness and profitability of working capital was tried to find out by measuring the fluctuation in fixed assets, current assets and sales. For this purpose, conducted five years' data from 2008 to 2012 of two major companies in public and private sector of steel industry like Steel Authority of India and Tata Steel Ltd., was undertaken. SAIL and TCS had perfect correlation between its fixed and current ratio and as well they had a perfect correlation with its liquidity and profitability. Keeping in view the miniature amount of finance literature, particularly in profitability, liquidity and working capital, the present study investigates the relationship of the aggressive and conservative financial performance analysis and financial polices and how its impact on profitability. It further examines that efficiency of working capital utilization among the working capital practices of the firms across the different industries.

PROFILE OF THE STEEL INDUSTRY

Steel is considered to be the backbone for the development of modern economy and human civilization. The level of consumption of steel is considered as a vital index to measure the socio-economic development and standard life of people of the country. This product is the outcome of the large and technological complex industry poisoning in terms of material flows and incomes that are strong. The economic status of industries is strong ended by the existence of strong steel industry and the development of these industries at the initial stage is shaped by the steel industry. Industrial sector has made rapid steps with the help of steel industry using it as vanguards. The latest technology used by the green field plant has increased the output and the industry has improved the global economy. The new plants have also brought a great regional dispersion in the western region and earned the domestic supply position. The domestic steel industry has faced new challenges and due to the high cost of commissioning of new projects, the developed markets face many problems. The domestic demand too has not improved to significant level. The litmus test of the steel industry will be to surmount these difficulties and remain globally competitive.

ANALYSIS AND INTERPRETATION

On the basis of secondary data which have been taken from the Centre for Monitoring the Indian economy (CMIE), the results of the present study are presented here as under:

TABLE 1: ACCOUNTING RATIOS OF STEEL INDUSTRY IN INDIA

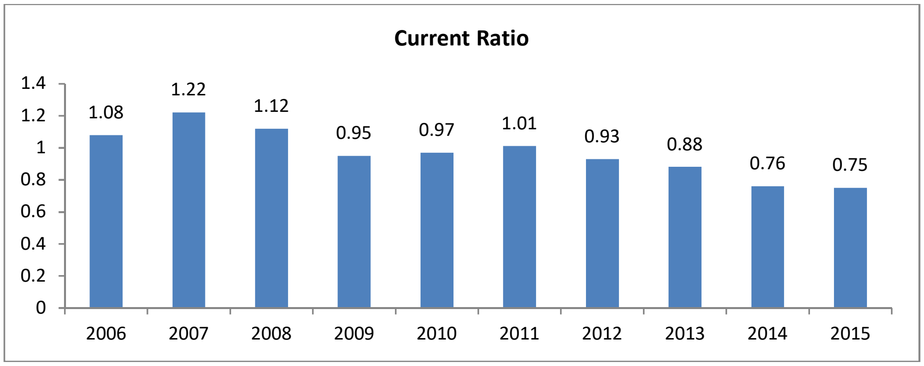
Year	CR	LR	NPR	DER	ICR
2006	1.08	0.71	0.09	1.22	1.82
2007	1.22	0.87	0.16	1.04	1.90
2008	1.12	0.74	0.17	1.05	1.92
2009	0.95	0.61	0.13	1.11	1.61
2010	0.97	0.63	0.13	1.04	1.76
2011	1.01	0.56	0.08	1.04	1.67
2012	0.93	0.47	0.09	1.03	1.47
2013	0.88	0.43	0.08	1.17	1.24
2014	0.76	0.36	0.05	1.27	1.24
2015	0.75	0.35	0.06	1.27	1.23

Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

CR = Current Ratio, DER = Debt Equity Ratio, LR = Liquid Ratio, ICR = Interest Coverage Ratio, NPR = Net Profit Ratio

Table 1 presents the description of financial ratios of Steel Industry of India from 2006-07 to 2015-16. Liquidity position was seemingly not good during study period as it was below to standard. Profitability position has been measure with the help of net profit ratio. It was 0.09 per cent in 2006-07. In 2015-16, profitability position of the industry is declined as net profit ratio was per cent 0.03 per cent. It shows a decreasing trend in rest of the study period. Solvency position of steel industry of India has been checked through debt equity ratio. It shows a positive trend of solvency because of positive shareholder's fund during the study period. The industry is managing its shareholder's fund during the study period. During the study period interest coverage ratio suggests a company can comfortably afford to pay for its debt.

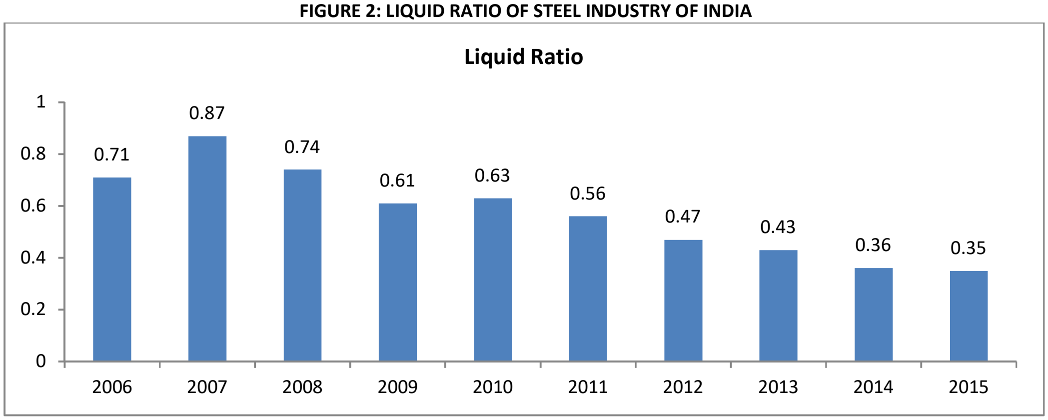
FIGURE 1: CURRENT RATIO OF STEEL INDUSTRY OF INDIA



Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

The above figure presents the trend of current of Steel Industry of India from 2006-07 to 2015-16. It was 1.08 times in 2006-07 which fluctuate during the study period and reached to 0.75 times in 2015-16.

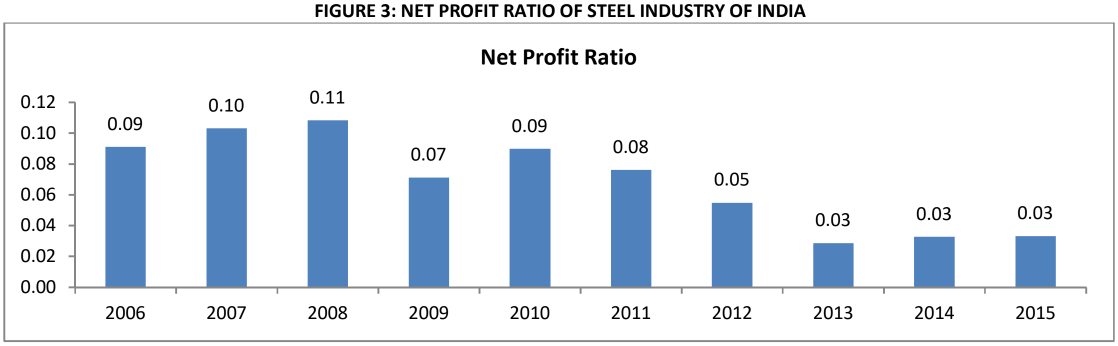
FIGURE 2: LIQUID RATIO OF STEEL INDUSTRY OF INDIA



Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

The above figure shows the liquid ratio of Steel Industry of India from 2006-07 to 2015-16. Liquid ratio was 0.71 times in 2006-07 the next year liquidity position has increased. After that it shows decreasing trend in rest of the study period.

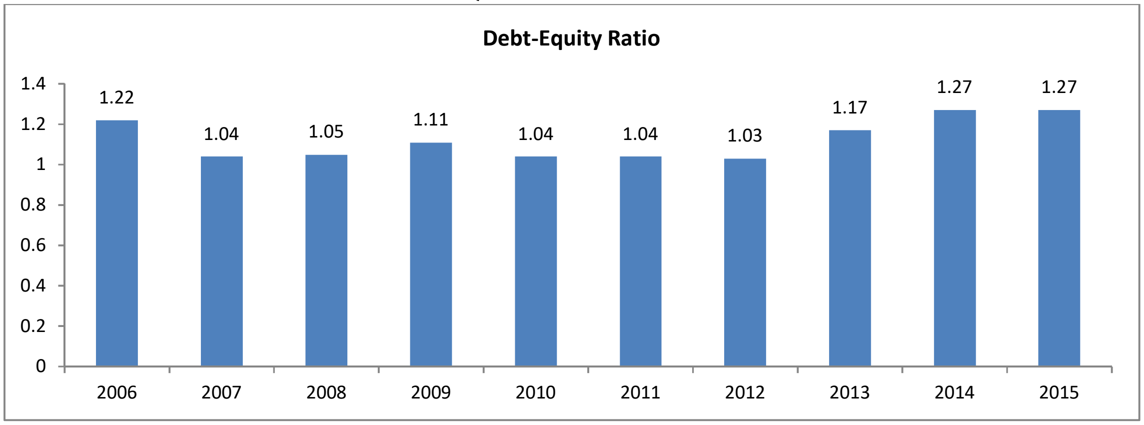
FIGURE 3: NET PROFIT RATIO OF STEEL INDUSTRY OF INDIA



Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

Figure 3 shows the net profit ratio of Steel Industry of India from 2006-07 to 2015-16. Instead of negative shareholders fund the company earned positive profit during the study period. From 2006-07 to 2010-11 increasing trend except 2009-10. In remaining study period net profit ratio was decline and finally it reached to 0.03 in 2015-16.

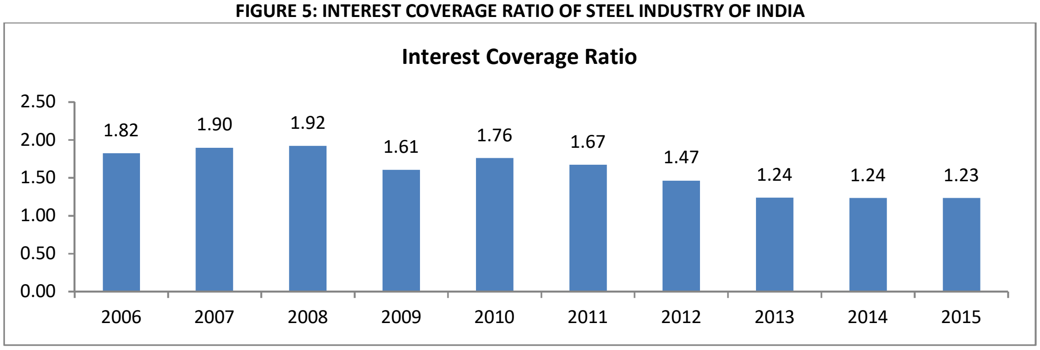
FIGURE 4: DEBT EQUITY RATIO OF STEEL INDUSTRY OF INDIA



Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

Figure 4 shows the trend of debt equity of Steel Industry of India from 2006-07 to 2015-16. The trend shows a positive trend during the study period. The reason behind the positive debt equity ratio is because of positive shareholders fund. It was 1.22 in 2006-07 which is decreased up to 2008-09. During 2009-10 debt equity ratio was increased. After that debt equity ratio was declined and finally it was reached to 1.27 in 2015-16.

FIGURE 5: INTEREST COVERAGE RATIO OF STEEL INDUSTRY OF INDIA



Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

The above figure shows the interest coverage ratio of Steel Industry of India from 2006-07 to 2015-16. It indicates the ability of company to pay its interest charges the trend of ICR shows that the industry generates its adequate profit to pay interest charges. It was 1.82 times in 2006-07 which reached to 1.23 times in 2015-16. Initially interest coverage ratio was increased after 2009-10 some fluctuation in given ratio.

TABLE 2: DESCRIPTIVE STATISTICS OF SALES AND FINANCIAL RATIOS OF STEEL INDUSTRY OF INDIA

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
SALES	225134.46	55953.28	10
CR	0.96	0.14	10
LR	0.57	0.17	10
NPR	0.06	0.03	10
DER	1.12	0.09	10
ICR	1.58	0.27	10

Source: Centre for Monitoring the Indian economy *from 2006-07 to 2015-16.*

Table 2 presents the statistical description of sales and different accounting ratios of Steel industry of India from 2006-07 to 2015-16. The mean value of sales was Rs. **225134.46** during the study period and standard deviation of sales was **55953.28**. The mean value of liquidity ratio was 0.57 during the study period while debt equity ratio shows a positive mean value of 1.12 indicated positive shareholder's fund.

TABLE 3: CORRELATIONS BETWEEN SALES AND CURRENT RATIO OF STEEL INDUSTRY OF INDIA FROM 2006-07 TO 2015-16

Correlation			
		CR	**SALES**
Pearson Correlation	CR	1.000	-.834
	SALES	-.834	1.000
Sign (2 tailed)	CR		.003
	SALES	.003	
N	CR	10	10
	SALES	10	10

Source: CMIE

Table 3 presents the correlation between sales and current ratio of Steel Industry of India from 2006-07 to 2015-16. From the analysis it is cleared that there is a negative relationship exists between sales and current ratio of the industry. The value of correlation is 0.834 which indicates that there is a strong negative correlation among these variables.

TABLE 4: MODEL SUMMARY OF SALES AND CURRENT RATIO OF STEEL INDUSTRY OF INDIA

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1.	.834	.658	.0879	.696

Source: CMIE *a*. Predictors: (Constant), Sales

Table 4 presents model summary between the sales and current ratios of Steel Industry of India from 2006-07 to 2015-16. The coefficient of determination (r2) is at 0.658 which implies that 65.8 percent of the variation in current ratio is explained by sales.

TABLE 5: REGRESSION ANALYSIS OF IMPACT OF SALES ON CURRENT RATIO OF STEEL INDUSTRY OF INDIA

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.469	.120		12.198	.000
Sales	-2.230	.000	-.834	-4.283	.003

Source: CMIE a. Dependent Variable: CR

Table 5 presents the linear regression model for measuring the impact of sales on current ratio in Steel Industry of India from 2006-07 to 2015-16. Sales of Steel Industry of India are considered as an independent variable and current ratio as dependent variable. The result of regression shows that the intercept 1.469 which is low it means that there are other factors not affect the sale. Further, the regression co-efficient (beta) is equal to -2.230 which signify that for every rupee change in current ratio. The significant value is 0.03 which is less than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is significant. It leads to the rejected of null hypothesis and concluded there is no significant impact of sales on current ratio.

TABLE 6: CORRELATIONS BETWEEN SALES AND LIQUIDITY RATIO OF STEEL INDUSTRY OF INDIA FROM 2006-07 TO 2015-16

Correlation			
		LR	**SALES**
Pearson Correlation	LR	1.000	-.907
	SALES	-.907	1.000
Sign (2 tailed)	LR		.000
	SALES	.000	
N	LR	10	10
	SALES	10	10

Source: CMIE

Table 6 present the correlation between the sales and correlation between sales and liquidity of Steel Industry of India. There is a negative correlation found between these variable. It was 0.907 during the study period. After analysis it can be stated there is the strong negative relationship exist between sales and liquid ratio.

TABLE 7: REGRESSION ANALYSIS OF IMPACT OF SALES ON LIQUIDITY RATIO OF STEEL INDUSTRY OF INDIA

Model	Un Standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.200	.106		11.349	.000
Sales	-2.786	.000	-.907	-6.093	.000

Source: CMIE a. Dependent Variable: LR

Table 7 presents the linear regression model for measuring the impact of sales on liquid ratio in Steel Industry of India from 2006-07 to 2015-16. Sales of Steel Industry of India are considered as an independent variable and liquid ratio as dependent variable. The result of regression shows that the intercept is 1.200 which is low. It means that there are other factors not affects sale. The significance value is 0.001 which is less than the critical value i.e. 0.05. Hence, the impact of sale on liquid ratio is significant. It leads to the rejected of null hypothesis and concluded that there is no significant impact of sale on liquid ratio.

TABLE 8: CORRELATIONS BETWEEN SALES AND NET PROFIT RATIO OF STEEL INDUSTRY OF INDIA FROM 2006-07 TO 2015-16

Correlation			
		NPR	**SALES**
Pearson Correlation	NPR	1.000	-.863
	SALES	-.863	1.000
Sign (2 tailed)	NPR		.001
	SALES	.001	
N	NPR	10	10
	SALES	10	10

Source: CMIE

Table 8 exhibits the correlation between the sales and net profit ratio of Steel Industry of India from 2006-07 to 2015-16. There is a negative correlation it was found 0.863 found this variable during the study period after analysis it can be stated there is the negative relationship exist between sales and NPR ratio.

TABLE 9: REGRESSION ANALYSIS OF IMPACT OF SALES ON NET PROFIT RATIO OF STEEL INDUSTRY OF INDIA

Model	Un Standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.175	.023		7.679	.000
Sales	-4.755	.000	-.863	-4.825	.001

Source: CMIE a. Dependent Variable: NPR

Table 9 presents the linear regression model for measuring the impact of sales on net profit ratio in Steel Industry of India. from. Sales of is Steel Industry of India considered as an independent variable and net profit ratio as dependent variable. The result of regression shows that the intercept is.175 which is low. It means that there are other factors not affect the sale. Further, the regression co-efficient (beta) is equal to -4.755 which signify that for every rupee change in net profit ratio. The significance value is 0.001 which is less than the critical value i.e. 0.05. Hence, the impact of sale on net profit ratio is significant. It leads to the rejected of null hypothesis and concluded that there is no significant impact of sale on net profit ratio.

TABLE 10: CORRELATIONS BETWEEN SALES AND DEBT EQUITY RATIO OF STEEL INDUSTRY OF INDIA FROM 2006-07 TO 2015-16

Correlation			
		DER	SALES
Pearson Correlation	DER	1.000	.268
	SALES	.268	1.000
Sign (2 tailed)	DER		.455
	SALES	.455	
N	DER	10	10
	SALES	10	10

Source: CMIE

Table 10 present the correlation between the sales and debt equity ratio of Steel Industry of India there is a positive correlation found between these variable it was.268 during the study period. After analysis it can be stated there is the strong positive relationship exist between sales and DER.

TABLE 11: REGRESSION ANALYSIS OF IMPACT OF SALES ON DEBT EQUITY RATIO OF STEEL INDUSTRY OF INDIA

Model	Un Standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.017	.141		7.233	.000
Sales	4.773	.000	.268	.785	.455

Source: *CMIE* a. Dependent Variable: DER

Table 11 presents the linear regression model for measuring the impact of sales on debt equity ratio in Steel Industry of India from 2006-07 to 2015-16. Sales Steel Industry of India of is considered as an independent variable and debt equity ratio as dependent variable. The result of regression shows that the intercept is 1.017 which is low. It means that there are other factors not affects sale. Further, the regression co-efficient (beta) is equal to 4.773 which signify that for every rupee change in debt equity. The significance value is 0.455 which is more than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is not significant. It leads to the acceptance of null hypothesis and concluded that there is significant impact of sale on debt equity.

TABLE 12: CORRELATIONS BETWEEN SALES AND INTEREST COVERAGE RATIO OF STEEL INDUSTRY OF INDIA FROM 2006-07 TO 2015-16

Correlation			
		ICR	SALES
Pearson Correlation	ICR	1.000	-.888
	SALES	-.888	1.000
Sign (2 tailed)	ICR		.001
	SALES	.001	
N	ICR	10	10
	SALES	10	10

Source: CMIE

Table 12 exhibits the correlation between the sales and interest coverage ratio of Steel Industry of India. There is a positive correlation found i.e. -0.888. After analysis it can be stated there is the negative relationship exist between sales and interest coverage ratio.

TABLE 13: REGRESSION ANALYSIS OF IMPACT OF SALES ON DEBT EQUITY RATIO OF STEEL INDUSTRY OF INDIA

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.570	.185		13.868	.000
Sales	-4.369	.000	-.888	-5.454	.001

Source: CMIE a. Dependent Variable: ICR

Table 13 presents the linear regression model for measuring the impact of sales on interest coverage ratio in Steel Industry of India from 2006-07 to 2015-16. Sales of Steel Industry of India are considered as an independent variable and Interest Coverage ratio as dependent variable. The result of regression shows that the intercept is 2.570 which are low. It means that there are other factors not affects sale. The significance value is 0.001 which is less than the critical value i.e. 0.05. Hence, the impact of sale on current ratio is significant. It leads to the rejected of null hypothesis and concluded that there is no significant impact of sale on Interest Coverage ratio.

CONCLUDING REMARKS

The present study is devoted to the evaluation of financial performance of Indian Steel Industry from 2006-07 to 2015-16. The researcher used accounting ratios in order to measure the financial performance of Steel Industry of India. Liquidity, profitability and solvency position has been analyzed in this study. From the analysis it has been cleared that the short term solvency position of the industry is satisfactory during the period under study. The industry did not earn adequate profit during the study period as its net profit shows very low trends. The solvency position of the industry shows a positive trend due to positive reserve and surplus figures during the study period. Interest coverage ratio indicated that the industry is able to meet interest expenses through its profit. From the analysis it is cleared that the sales have no significant impact on net liquidity position, profitability and solvency position of Steel Industry of India. The industry can able to pay its obligations within time during the early period of the study. The industry earns satisfactory profit during study period.

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