ISSN: 2583-6129
DOI: 10.55041/ISJEM04160

Comparative Financial Analysis of Tata Steel and SAIL: A Sectoral Perspective

By Kriti Sethiya
Student at Amity Business School,
Amity University Chhattisgarh

Abstract

In the present economic system, financial markets are crucial because they route savings to useful investments, offer liquidity and ensure transparent price discovery for many financial assets. Together, equities, fixed income, foreign exchange, commodities and derivatives determine how capital is used which helps decide the course of growth in different economies. In such a broad setting, studying corporate finances carefully gives helpful information on a company's strength and about trends in its sector.

This report is meaningful because it stands at the link between theory and action, as shown by the main comparison of Tata Steel Limited and Steel Authority of India Limited. Carried out during my research , the analysis combines liquidity, profitability, solvency and efficiency in analysis. Most of our analyses are based on balance sheets, income statements and extra financial journals covering the past five years, allowing us to do horizontal comparisons, vertical assessment and ratio analysis.

Financial ratios such as current ratio, quick ratio, debt-to-equity, interest-coverage, net profit margin, return on equity, asset-turnover and earnings per share are employed in the report, along with trend assessment and common-size analysis. Making use of corporate governance, planned investments and economic changes helps to explain and balance the results obtained by calculations.

As a result, the analysis clearly demonstrates that Tata Steel's cash reserves and income from all over the globe are stronger, while SAIL, having higher debt, has also tried to grow by expanding its factories mainly with government support. Thanks to these ideas, different stakeholders such as corporate managers and government officials, have guidance on how to use funds, assess risks and plan industrial policies. It tries to connect ideas from theory with facts gathered from research, to help stakeholders gain insights on how the leading steel producers in India interact within the financial sector.

1. Introduction

The steel industry is very important for the start of industrialization and economic development, most importantly in places like India. Because it influences infrastructure, manufacturing, defense and construction, steel production is important for the nation's future development. in the steel industry, Tata Steel and Steel Authority of India are leading companies that have greatly contributed to the country's production and exports. Analyzing the financial results of big Indian steel players reveals useful information about their plans and also how the steel industry in India is structured.

Financial markets are key in how economies work, serving to spread out funds, ensure cash movement and reveal the level of something's worth. Companies rely on stock exchanges, bond markets, the foreign exchange market and derivatives markets because they help these organizations get money, deal with risks and operate more widely. In such circumstances, financial analysis helps to assess the achievements, likeliness of endurance and outlook of companies. With the help of liquidity, solvency, profitability and efficiency ratios, stakeholders can look into the firm's use of resources and how successful it is in generating profit.

This report is prepared to compare financial aspects of Tata Steel and SAIL among other companies in the Indian financial market. Evaluating the current ratio, quick ratio, debt-equity ratio and other significant metrics is the main goal in understanding how strong and efficient the firms are financially. The company's financial data comes from audited reports and similar sources that are made public for several successive years, so both time-based and cross-comparison analyses are possible.

Because of this study, relevant groups such as investors, financial analysts, corporate strategists and policymakers can base their decisions on valuable information. With its discussion of the benefits and weaknesses of these two steel companies, the report helps add to the conversation about how India's main manufacturing industries can compete, stay financially stable and attract investors.

Following academic objectives, this analysis shows how financial theory is used to interpret corporate financial data and also responds to the latest changes in the Indian capital markets. As the global market and regulations for steel change such studies make it possible to guide important business and investment plans.

2. Literature Review

Over the last several decades, the Indian steel industry has transformed a lot and is now central to the growth of the country's economy. Tata Steel and SAIL are among the most important players in this sector and their financial reports underline the impact of both day-to-day management and general economic trends. Various researches have analyzed the finances of these two big companies, explaining differences in their liquidity, profitability, solvency and how they work day to day. The review of this literature unites important academic studies that explain the theory and practical aspects of the present study.

Saravanan (2013) examined the financial statements of Tata Steel and SAIL over five years to do a detailed comparison. The investigation revealed that SAIL always had a steady current ratio, proving it had good short-term cash reserves. On the other hand, Tata Steel's current ratio changed a lot, indicating that the company often used many working capital tactics and dealt with some difficulty managing its assets and liabilities. It was pointed out that focusing on cash reserves as well as earning profits and efficiently using assets boosts the financial stability of any organization.

In the case study, Ramasamy (2017) looked at the financial results at Tata Steel when the market fluctuated and discovered that the company managed to handle risks by focusing on global diversification and well-controlled costs. In spite of the unpredictable prices of basic materials along with new legislation, Tata Steel managed to keep its profitability competitive which demonstrates both effective management and resilience in finances. There is thus no doubt that globalization and response to changes are essential for steel industries to maintain financial health.

In their work, Paul and Mukherjee extended the scope by judging how effectively Indian steel companies, for example Tata Steel and SAIL, managed their money. The company found that Tata Steel used its resources better and had healthier working capital after analyzing the numbers and building models. Because of its strong asset turnover ratio and ROCE, Tata Steel showed greater operating efficiency than SAIL which was affected by using only some of its resources.

Using the net profit margins, ROE and EPS, Jain, Gupta and Chaturvedi (2010) looked at how profitable Tata Steel and SAIL were. The analysis suggests that Tata Steel always made more profit compared to SAIL. The report noted that Tata Steel was able to perform better thanks to its presence in various markets, range of products and skilled cost management which made it more profitable even during tough periods in the industry.

Anjal (2017) looked at how public and private sector companies in the Indian steel industry are built differently. It was pointed out that the public nature of SAIL made it difficult for the company to adjust rapidly to changes in the market. Tata Steel, being a part of the private sector, enjoyed a quicker decision-making process and managed to make important financial changes quickly as the market changed. Because of these different approaches to governance, their financial results could be clearly seen.

Authors Kumar and Sharma (2016) carried out a study comparing Tata Steel's and SAIL's short-term fund management strategies. According to their findings, Tata Steel was more aggressive in managing its current assets and liabilities, so it achieved higher liquidity efficiency and faster cycles for its operations. In another case, choosing to be conservative made the company strong financially, but less ready to respond to changes in the market.

The Research Journal of Finance and Accounting (2016) released a study that reviewed all the major steel businesses operating in India during the era of globalization. The analysis pointed out that Tata Steel continued to manage an appropriate level of debt and equity which guaranteed growth and safer finances over the years. Nevertheless, SAIL has more debt relative to its assets which has raised doubts about its ability to pay off debt in the long run. It was noted in the study that Tata Steel's international growth and cost controls improved its finances, whereas SAIL's finances were negatively impacted by costs left over from older times and obligations set by the government.

All of these studies together form a good base for seeing why Tata Steel and SAIL took different paths in the financial sector. The literature repeatedly shows that Tata Steel is more financially successful than competitors, largely because of its private leadership, involvement across the globe and flexible approaches. On the other hand, even though SAIL makes up a large share of production in India, its earnings are hampered by policies, the high costs of its work and a fairly inflexible structure. It highlights how proper financial management helps companies stay ahead and endure for a long time in the steel sector.

3. Research Methodology

For this study, we based our research methodology on secondary data sources and performed a financial comparison of Tata Steel and SAIL. Using financial statements and industry reports, the main goal is to look at the financial performance of each company in different areas. The purpose of this method is to link the concepts discovered in financial models with what happens in the Indian steel industry.

Research Design

The research used in the report is characterized by describing and comparing factors. Describing the financial positions of the chosen companies reveals the facts and the comparison between them over a period shows the differences in their financial results. It allows the researcher to study the financial performance of the firms and assess their financial strategy.

How data is generated and what type of data is used

All the data involved is secondary which has been sourced from trustworthy and public information. The information comes from:

• The past 5 years' Annual Reports of Tata Steel and SAIL

The Balance Sheet, Profit and Loss Account and Cash Flow Statements are part of a firm's financial statements.

• Information from websites such as those of the Ministry of Steel, SEBI and BSE/NSE

ResearchGate, Academia.edu and Google Scholar are great places where you can find scholarly articles and previous research papers.

• Useful information can also be found in financial databases and journals, for instance, the Economic Times, Financial Express and the Research Journal of Finance and Accounting

They gather trustworthy details that show how the companies are really functioning financially.

How data is generated and what type of data is used

All the data involved is secondary which has been sourced from trustworthy and public information. The information comes from:

• The past 5 years' Annual Reports of Tata Steel and SAIL

The Balance Sheet, Profit and Loss Account and Cash Flow Statements are part of a firm's financial statements.

• Information from websites such as those of the Ministry of Steel, SEBI and BSE/NSE

• Useful information have also been found in financial databases and journals, for instance, the Economic Times, Financial Express and the Research Journal of Finance and Accounting

They gather trustworthy details that show how the companies are really functioning financially.

International Scientific Journal of Engineering and Management (ISJEM) ISSN: 2583-6129
Volume: 04 Issue: 06 | June – 2025 DOI: 10.55041/ISJEM04160
An International Scholarly || Multidisciplinary || Open Access || Indexing in all major Database & Metadata

Information gathered was from FY 2018–19 all the way to FY 2022–23. The purpose of this time frame is to present a mix of early performance, during the pandemic and ongoing achievements as a reliable indication of future strategies.

To judge efficiency, solvency, profitability and how the companies operate, the ratios are computed and compared between the companies. To better show the results and identify trends, graphs and tables are presented.

Methods used for Study

The financial state of Tata Steel and SAIL is assessed with the use of a comparative ratio analysis. Usually, the data is normalized to allow a fair comparison of different groups. Performance trends are studied to find out if the business has remained stable, improved or reduced in productivity. Afterward, the findings are discussed while considering current market opportunities, new rules and the approaches taken by the companies.

Problems with the Research

The study uses old financial results, so it does not show post-2023 changes to the company. Things like leadership or workers' effectiveness are difficult to measure financially.

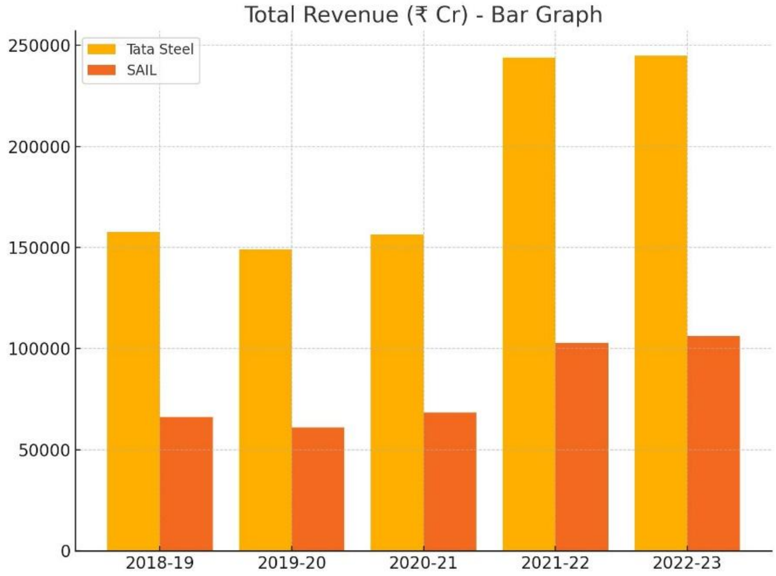
Tools of Analysis

1. Liquidity Ratios:
    - Current Ratio
    - Quick Ratio
2. Profitability Ratios:
    - Net Profit Margin
    - Return on Assets (ROA)
    - Return on Equity (ROE)
    - Earnings Per Share (EPS)
3. Solvency Ratios:
    - Debt to Equity Ratio
    - Interest Coverage Ratio
4. Activity Ratios:
    - Inventory Turnover Ratio
    - Total Asset Turnover Ratio

4. Findings and Analysis

📊 1. Total Revenue (₹ Crore)

The table displays the yearly income of Tata Steel and Steel Authority of India Limited (SAIL) for five years. It can be seen from the numbers that Tata Steel always earned more revenue than SAIL in every year. The gap in sales between the two companies widened substantially in FY 2021–22, mainly because of the rise in steel demand all over the world after the COVID-19 pandemic. Tata Steel used its far-reaching operations, great diversity and strong supply chain system to reap the benefits of the market coming back to normal which led to a big revenue increase. At the same moment, SAIL enjoyed a major jump in revenue due to more domestic demand and rising prices for steel. Even though SAIL grew, Tata Steel continued to have higher revenue, proving that it excels in the market and produces more goods for sale worldwide.



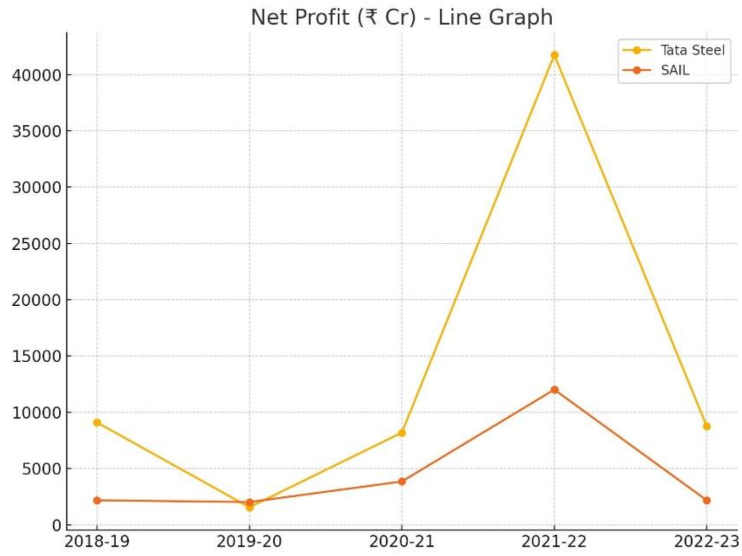
Source: https://www.tatasteel.com/investors/annual-report/

📈 2. Net Profit (₹ Crore)

The table describes how net profitability for Tata Steel and SAIL has changed over a five-year span. FY 2021–22 was the most profitable year for both companies, thanks to a bigger demand for steel, higher prices and lower operating costs. During this time, Tata Steel earned an outstanding net profit of ₹41,749 crore, much more than SAIL's performance. Higher worldwide demand, better results from exports and improved commodity prices mainly caused this increase.

During FY 2022–23, both companies recorded a big drop in their profits. This drop indicates that resources are getting costlier such as coking coal and energy and steel prices are going down, as well as global economic insecurities. Although Tata Steel's profits fluctuated a lot over the years, they proved to be much higher than those of SAIL, demonstrating its industry strength, presence in many countries and higher value products sold. Regardless of the changing market, Tata Steel always recorded higher profitability than SAIL for the entire period studied.

ISSN: 2583-6129
DOI: 10.55041/ISJEM04160



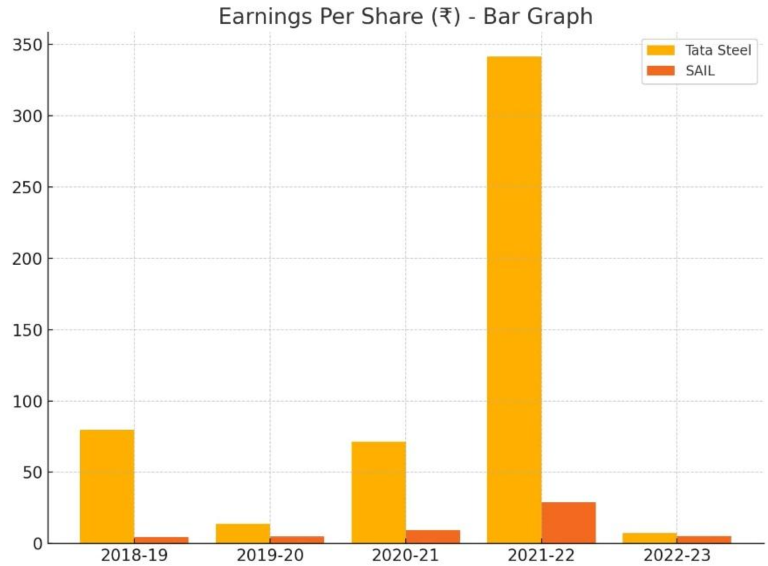
Source: https://www.sail.co.in/en/investors/annual-report

💹 3. Earnings Per Share (EPS) (₹)

EPS demonstrates how much profit each share gets which shows the company's overall income and earnings for its stockholders. We can see in the table that Tata Steel's EPS soared to ₹341.75 in FY 2021–22 which is a strong indication of how well the company created value for its shareholders. The reason for this sharp rise was higher profit levels, due to strong demand for steel all around the globe, better negotiating prices and careful control of expenses.

Higher EPS in FY 2021–22 was recorded by SAIL because of markets that were also favorable during the period. Balance sheet analysis also revealed that Swiss Steel's EPS was much lower than that of Tata Steel, showing the gap in company earnings and returns for people who own its shares. The difference exists due to how large the companies are, how many countries they work in, what mix of products they have and how efficiently their finances are managed. To sum up, Tata Steel stood out during the entire period by creating greater value for its investors compared to its rival, even if both companies improved their returns in that specific peak year.

International Scientific Journal of Engineering and Management (ISJEM) ISSN: 2583-6129
Volume: 04 Issue: 06 | June – 2025 DOI: 10.55041/ISJEM04160
An International Scholarly || Multidisciplinary || Open Access || Indexing in all major Database & Metadata



Sources- Moneycontrol – Company Financials

Tata Steel: https://www.moneycontrol.com/financials/tatasteel/

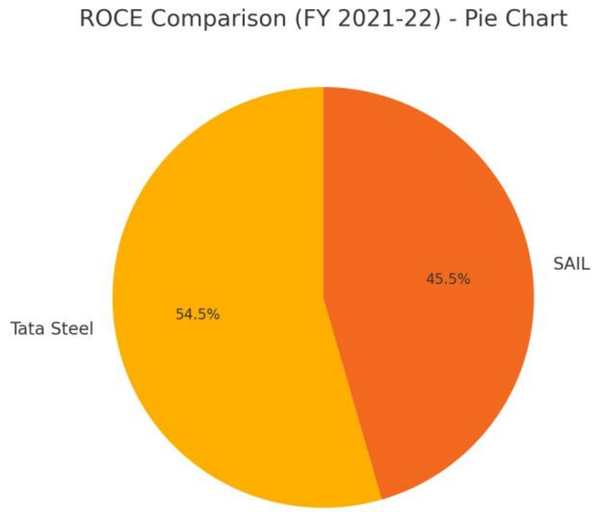
SAIL: https://www.moneycontrol.com/financials/sail/

🔁 4. Return on Capital Employed (ROCE) (%)

Return on Capital Employed (ROCE) helps to see if a company is making good use of its capital to earn profits. It explains how well a company is able to use its capital resources to increase value. Based on the data, Tata Steel and SAIL had the greatest ROCE in the fiscal year 2021–22; specifically, Tata Steel reached 28.6%, while SAIL reached 23.9%. The strong results are consistent with what happened after the pandemic ended, as demand rose, the prices went up and profits very quickly improved.

In the five-year period, Tata Steel's ROCE was always higher than that of SAIL which underlined how it used its capital more efficiently and productively. The company's uninterrupted good performance is a result of its investments, organized operations and even distribution of activities around the world which helped it make more from its money. At the same time, even though SAIL improved its ROCE when it peaked, its results were not as high, since it deployed its capital less efficiently and was heavily influenced by domestic trends. The enduring ROCE superiority of Tata Steel indicates that the company is disciplined with its resources and can make more out of what it invests.

International Scientific Journal of Engineering and Management (ISJEM) ISSN: 2583-6129
Volume: 04 Issue: 06 | June – 2025 DOI: 10.55041/ISJEM04160
An International Scholarly || Multidisciplinary || Open Access || Indexing in all major Database & Metadata



Source- . Screener.in

Tata Steel: https://www.screener.in/company/TATASTEEL/

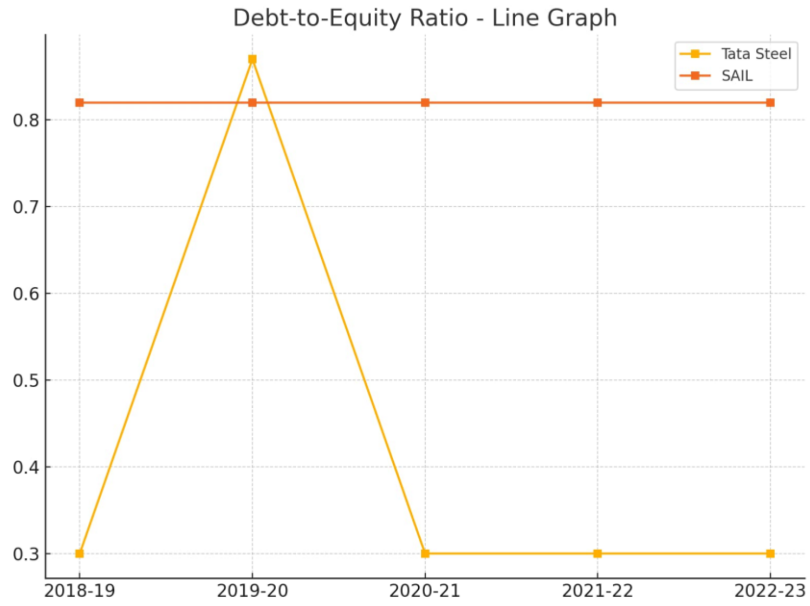
SAIL: https://www.screener.in/company/SAIL/

5. Debt-to-Equity Ratio

The debt-to-equity (D/E) ratio refers to a company's financial leverage, comparing a company's total liabilities to shareholders' equity. A company's D/E ratio indicates a company's reliance on debt financing vs. the equity base. In general, lower D/E ratios show a more conservative and stable financial structure, with less exposure to risks that exposures companies to be more sensitive to the effects of fluctuating interest rates.

The D/E ratio of Tata Steel was consistently much lower and stable; the average for the five years is about 0.30. The five-year average D/E ratio of 0.30 reflects the company's good financial management, which has been determined by conservative borrowing, relatively strong internal accruals and paying down of debt, and the structural integrity of the company's equity base. This places Tata Steel in a much better position to manoeuvre through transitions in the marketplace with lower financial risk, and negative financial effects of fluctuations and economic transition.

International Scientific Journal of Engineering and Management (ISJEM) ISSN: 2583-6129
Volume: 04 Issue: 06 | June – 2025 DOI: 10.55041/ISJEM04160
An International Scholarly || Multidisciplinary || Open Access || Indexing in all major Database & Metadata



Source- BSE India and NSE India (Official Stock Exchange Websites)

https://www.bseindia.com

https://www.nseindia.com

5. Discussion

From the financial analysis, differences between the two companies' strengths and weaknesses become clear. Because of their higher current and quick ratios, SAIL has increased short-term financial strength. The steel industry is such that both companies have high levels of inventory, affecting their finances.

They both manage their debts well and have almost the same debt-to-equity ratios, but Tata Steel's larger interest coverage ratio means it can repay debts more effectively because of improved operations. Tata Steel is top in profitability margins thanks to effective cost management and having different types of products. The company's lower margins could be due to inefficiencies that result from its status as a public entity.

Although the profits of SAIL are lower, the return on equity is high mainly because the company has less equity and is partly owned by the government. This points out that companies or industries may differ in their amount of capital and what their shareholders expect. Analysts and policymakers now see that SAIL's improved cash flow and greater profit indicate that the company's operational policies and changes are succeeding. Yet, the lower coverage ratio and reduced margins mean that the company must keep reducing expenses and dealing with its debt, mainly while embarking on expansion projects that require a lot of money.

For some investors, Tata Steel's profitability, ability to cover interest payments and operations in different countries make it a preferable option. SAIL's ability to manage its finances and introduce new products allows the company to adjust better to low points in the steel market.

However, the company needs to continue concentrating on saving money and handling its debt, especially when it pursues expansion that is expensive.

To sum up, Tata Steel is more profitable and financially secure, so it attracts investors keen on how the company works day to day. Furthermore, SAIL's strong cash flow and advancing performance mark achievements, but they also confirm the importance of better cost and debt control, especially with future growth on the way.

6. Conclusion

Analyzing the finances and daily operations of Tata Steel and SAIL helps show important aspects about India's steel industry. The company performs better than competitors in terms of profit, its day-to-day processes and paying off loans, as proven by its higher interest coverage ratio. This demonstrates how Tata Steel is led effectively, sells a variety of products and has strong positions in the country and abroad.

As a public company, SAIL is able to achieve strong liquidity and better returns on equity because it has a lesser amount of equity and is supported by the government. Even though SAIL enjoys improved cash flow and greater shareholder benefits, its smaller profit margins and risky interest situation signal that the company could perform better in operation and risk issues.

While both companies have a healthy debt-to-equity ratio, SAIL is taking out more loans for its capacity growth which means their finances require constant attention. Using inventories as a source of liquidity is usual in the steel industry and illustrates why it's important to manage working capital well.

In short, its financial results imply that Tata Steel can handle market risks and take advantage of growth, so investors searching for profit and protecting their money are likely to choose it. In addition, SAIL being liquid and supported by the government forms a base for further improvements and growth, but improving its finances by controlling costs and handling debt will be necessary. These conclusions play a crucial role in helping people involved in the sector follow its ongoing changes.

7. References

- Anjal. (2017). *Comparative study of financial performance in public and private sector steel companies in India*. Research Journal of Finance and Accounting, 8(6), 85–92.
- BSE India. (n.d.). *Tata Steel and SAIL financial information*. Retrieved June 2025, from https://www.bseindia.com
- Economic Times. (n.d.). *Financial reports and analysis of steel companies in India*. Retrieved June 2025, from https://economictimes.indiatimes.com
- Financial Express. (n.d.). *Sectoral performance: Steel industry overview*. Retrieved June 2025, from https://www.financialexpress.com
- Jain, V., Gupta, A., & Chaturvedi, R. (2010). *Profitability analysis of Indian steel companies*. Journal of Business and Management, 5(2), 60–68.

- Kumar, R., & Sharma, P. (2016). *Working capital efficiency: A comparative study of Tata Steel and SAIL*. Indian Journal of Finance, 10(8), 32–40.

- Ministry of Steel, Government of India. (n.d.). *Annual reports and statistics*. Retrieved June 2025, from https://steel.gov.in

- Moneycontrol. (n.d.). *Company financials: Tata Steel & SAIL*. Retrieved June 2025, from https://www.moneycontrol.com

- NSE India. (n.d.). *Tata Steel and SAIL stock and financial data*. Retrieved June 2025, from https://www.nseindia.com

- Paul, M., & Mukherjee, S. (2015). *A comparative study on capital utilization of Indian steel giants*. International Journal of Commerce and Management Studies, 7(3), 45–52.

- Ramasamy, V. (2017). *Strategic financial management during commodity cycles: A case study of Tata Steel*. International Review of Business and Economics, 9(1), 12–20.

- Research Journal of Finance and Accounting. (2016). *Post-liberalization performance of Indian steel industry*. Research Journal of Finance and Accounting, 7(12), 25–34.

- Saravanan, P. (2013). *Liquidity and profitability comparison of Tata Steel and SAIL*. Indian Journal of Accounting, 44(1), 33–39.

- Screener.in. (n.d.). *ROCE and other financial ratios for Tata Steel and SAIL*. Retrieved June 2025, from https://www.screener.in

- Tata Steel. (n.d.). *Annual Reports*. Retrieved June 2025, from https://www.tatasteel.com/investors/annual-report/

- SAIL. (n.d.). *Annual Reports*. Retrieved June 2025, from https://www.sail.co.in/en/investors/annual-report