

Critical Evaluation Of Management Of Working Capital Of Steel Industry “A Comparative Study Between Tata Steel And Steel Authority Of India Limited”

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Abstract

Understanding the factors responsible for the management of working capital in both private and public sector enterprises has always been a challenging endeavor. However, there is a significant disparity in decision-making trends between the two sectors. Additionally, factors such as work culture, atmosphere, and organizational environment differ considerably between public and private sector enterprises, thereby impacting their operations. By examining various distinct factors such as inventory movement, cash level fluctuations, and reliance on current liabilities, one can identify the reasons behind the differences in working capital management between the two types of enterprises. While it is assumed that the utilization pattern of current assets and liabilities differs between these enterprises, it is essential to validate this assumption. This analysis focuses on the Indian Iron and Steel Industry, with TATA STEEL and SAIL representing private and public sector enterprises, respectively. Relevant data has been gathered from the successive annual reports spanning the financial years 2014-15 to 2018-19 of both corporations. Authors strive to prove the statement through financial and quantitative tools.

Introduction

The management of current assets in the Iron & Steel Industry remains consistent across both public and private sector enterprises. The mentioned statement can be interpreted in different ways from different angles. However, some prominent aspects reflected from the above statement are aThe adjustments in the level of current assets exhibit a uniform degree of change, with patterns of alterations remaining identical between the two enterprises.

- The approach to financing through short-term liabilities to address current asset deficits is consistent across both private and public sector enterprises.
- Private and public sector enterprises categorize the components of working capital in a similar pattern.
- The effectiveness of leveraging current assets to improve sales capacity remains uniform across both sectors.
- Due to comparable approaches in managing current assets, the company's profits and consequently shareholders' earnings also align.

Further we strive to prove the difference between the management of working capital between TATA STEEL and SAIL through following discussions. It is worth mentioning

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that discussions are based on the tables and charts (drawn with the help of annual reports) given below. Maheshwari, S. K., & Ganesh, M. P. (2006, Singh, S., & Kaur, H. (2017).

Table 1. Working Capital Ratios for TATA STEEL

Types Of Ratios/Variables				Financial Year ending 31 st March			
				2016	2017	2018	2019
1	Liquidity	I	Current Ratio	1.103	1.112	2.512	5.460
		II	Quick Ratio= Quick Assets/Total Current Liabilities	0.5976	0.5416	2.084	5.075
	III IV	Super Quick Ratio Cash Proportion Ratio	0.0668 0.0604	0.0757 0.0680	1.408 0.5606	0.0687 0.0125	
2	Working Capital Efficiency	I	Working Capital To Sales Ratio	41.390	39.97	2.395	0.7349
		II	Inventory Turnover	6.0936	4.9373	5.2417	4.8984
3	Ratios	III	Debtors Turnover Ratio	25.750	30.581	33.752	37.769
		IV	Creditors Turnover Ratio	3.603	2.969	2.844	2.326
		V	Current Assets Turnover Ratio	3.887	4.045	1.442	0.6
4	Working Capital Structure Ratios	I II	Current Assets To Total	0.3362	0.2899	0.5352	0.7851
		III	Net Assets Current				
		IV	Liabilities To Total	0.3046	0.2605	0.2130	0.1437
			Funds Inventory Composition Ratio	0.3730	0.4087	0.1333	0.0553
		Receivables Composition Ratio	0.1424	0.1272	0.0460	0.0147	
5	Working Capital Leverage		Current Assets/Total Assets - Δ Current Assets	0.3757	0.2929	0.8574	1.5520

Table 2. Working Capital Ratios for SAIL

Types Of Ratios/Variables				Financial Year Ending 31 st March			
				2016	2017	2018	2019
1	Liquidity Ratios	I II	Current Ratio Quick	6.1623	5.1963	4.9651	3.6986
		III V	Ratio	4.8813	4.4308	4.3933	3.1468
			Super Quick Ratio	4.005	3.5404	3.4190	2.4122
			Cash Proportion Ratio	0.6500	0.6812	0.6886	0.6522

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2	Working Capital Efficiency Ratios	I	Working Capital To Sales Ratio	1.6143	1.2728	1.0966	1.2113
		II	Inventory Turnover Ratio	4.5165	4.4364	5.0017	4.4294
		III	Debtors Turnover Ratio	121.281	78.924	47.852	61.333
		IV	Creditors Turnover Ratio	NA	1.3523	NA	NA
		V	Current Assets Turnover Ratio		1.0279	0.8758	0.8838
3	Working Capital Structure Ratios	I	Current Assets To Total Net Assets	0.7102	0.9222	0.9722	0.9768
		II	Current Liabilities To Total Funds	0.1152	0.1774	0.1958	0.2641
		III	Inventory Composition Ratio	0.2078	0.1474	0.1151	0.1491
		IV	Receivables Composition Ratio	0.0081	0.0200	0.0207	0.0079
4	Working Capital Leverage		Current Assets/Total Assets - Δ Current Assets = Item A/Item K- Item P	1.646	1.2232	1.2219	1.1003

Table 3. Details of EPS, DPS and D/P Ratio

Financial Details	TATA STEEL				SAIL			
	FY1	FY1	FY1	FY1	FY1	FY2	FY3	FY4
Earning Per Share (Basic EPS)	62.77	410.67	410.67	410.67	410.67	10.75	04.38	03.71
Dividend Payout Ratio(D/P Ratio In % On Equity)	23.64	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dividend Per Share(DPS)	14.83	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 4. Computation of Debtors Turnover Ratio according to Regression Analysis

NAME OF THE COMPANY	REGRESSION EQUATION ($y = a + bx$) whereas $x = \text{Sales \& Debtors}$	SALES TURNOVER IN Rs. CRORE(x)	DEBTORS IN Rs CRORE(Y)	DEBTORS TURNOVER RATIO IN TIMES
TATA STEEL	$y = 713.96453744 - 0.00716x$	20,000	570.76453744	35.04
SAIL	$y = 22.7022054104565 + 0.0117232x$	20,000	25.45087705775348	785.82

Discussions based on cash management

For TATA STEEL range of composition of cash & bank balance to total current assets lies between 01% to 56%. For SAIL range lies between 65% to 69%. Barring 2017-18 where the cash balance is at peak TATA STEEL maintains consistency. Cash & Bank balance of SAIL continues to increase at rapid rate throughout all the given financial years. Degree of increment little bit gets lowered in the FY 2018-19 relatively to the

previous financial years. For TATA STEEL Current Ratio & Quick Ratio show upward trend while Super Quick and Cash Proportion Ratios increase up till FY 2017-18 and decrease there from. Reason being in the late years due to higher inflow of cash and greater creation of loan and advances Current and Quick Ratios increase. Except Cash Proportion Ratio, Liquidity Ratios tend to fall continuously for SAIL. Intensity of decrement is highest in the FY 2018-19 (Sinku, S., & Kumar, P. (2014).

For TATA STEEL cash inflow is only through operating activities in the first couple of years. In the second couple cash inflow is through financing and operating activities both. Inflow from financing activities increases in the latter half. While during the first couple of years, there has been cash outflow through financing activities. Through investing activities there has always been cash outflow which periodically increases. For SAIL highest Inflow of Cash is through Operating Activities but it decreases continuously up till FY 2017-18. Company also experiences cash inflows through Financing and Investing Activities twice during the four consecutive financial years. Cash Outflows are also experienced twice through the above mentioned activities for the same period. While for TATA STEEL a uniform difference can be observed between cash from operations before and after the adjustments of working capital changes. Cash from operations after adjusting working capital remains below the operating cash before the adjustment of working capital and both move parallel to each other. Rate of growth of depreciation for TATA STEEL is steady and slow. For SAIL Cash from Operations before the changes in working capital decrease up till FY 2016-17 and thereafter increase in a regular manner. Cash flow from Operating Activities after the adjustment of Working Capital continuously reduces up till FY 2017-18 and it always remain below the Cash from Operations before the changes in

working capital during the selected financial years. Sinha et, al. 1995, Lala, R. M. (2007).

Moreover gap between the two widens with the passage of time. Amount of depreciation shows regular fall up till FY 2017-18. For TATA STEEL amount of Loans & Advances remain above Cash & Bank for the first couple of years. In the third year Cash & Bank exceeds Loans & Advances but in the fourth year difference between the two tremendously enlarges as level of Loans & Advances moves up and Cash & Bank declines with high rates. For SAIL Cash & Bank balance regularly grows up with high growth rate, but growth rate falls in the FY 2018-19 as the curve bends towards X axis. Amount of Loans & Advances remains below Cash & Bank but continuously increases with uniform rate as the curve is in the form of straight line diagonal to the origin. TATA STEEL experiences cash outflows in the first and last financial years while in the couple of years in between it experiences cash inflows. The highest net cash inflow occurs in the fiscal year 2017-18, while the highest net cash outflow is observed in the fiscal year 2018-19. Amount of interest paid has been always greater than the amount of dividends paid and both gradually increase with the passage of time. There has been regular Inflow of Cash throughout the span of four consecutive financial years for SAIL. However a continuous decrement in the amount of inflow can also be observed.

Company does not declare dividends during the given financial years, therefore there has never been cash outflow on account of dividends paid. Cash Outflow on account of financial costs being paid against the long term funds regularly increase year after year.

Discussions based on management of inventory.

For TATA STEEL a systematic way of inventory level maintenance can be observed. Raw Materials Inventory and Finished Goods Inventory are holding the highest composition in the total inventory and it continues up till the end of FY 2018-19. Materials in Stores gradually increase but it always remains below Raw Material and Finished Goods Inventory compositions in the total inventory level. Composition of Work in Progress Inventory remains minimum relatively to other categories of inventory throughout the selected financial years. For SAIL composition of Finished Goods/ Work in Progress Inventory always remains greater in the total inventory. Raw Materials Stock comes second and Materials in Stores third composition wise in the total inventory during all the financial years. Difference between the Annual Sales and Annual Cost of Sales being large and it periodically increases with the passage of time as the growth rate of the former is greater than the latter for TATA STEEL. (Pham, K. X., Nguyen, Q. N., & Nguyen, C. V. (2020).

Annual Cost of Production remains below the Annual Cost of Sales except the FY 2018-19 when it slightly crosses the latter. Annual Cost of Raw Material Consumed remains below the Annual Purchases except the FY 2004-05. For SAIL Annual Sales regularly and significantly increases up till FY 2018-19. There is considerable difference between Annual Sales and Annual Cost of Sales. Annual Cost of Sales also regularly increases. However growth rate declines after the FY 2016-17 onwards. Same is the case with Annual Cost of Production which remains below the Annual Cost of Sales. Annual Cost of Raw Materials Consumed increases but with the uniform growth rate. Neither raw materials nor finished goods were purchased during the selected financial years.

For TATA STEEL Working Capital to Sales Ratio being quite high during the first couple of years but falls drastically during the second couple of years. Inventory Turnover Ratio for the same being consistent relatively to other ratios. It significantly falls below the Working Capital to Sales Ratio during the initial years but crosses the latter in the last couple of financial years. Current Assets Turnover Ratio remains below the rest of the ratios and it starts declining from the second financial year onwards and from this year itself gap between Current Assets Turnover and Inventory Turnover Ratios start widening. For SAIL Inventory Turnover Ratio except FY 2017-18 remains above 4.00 but below 5.00 times. However there is considerable difference between Inventory Turnover Ratio and other Ratios (Working Capital Turnover and Current Assets Turnover Ratios) as it is above the rest. Working Capital Turnover and Current Assets Turnover Ratios do not explicit significant changes during the selected four consecutive financial years.

For TATA STEEL Input –Output Ratio increases from the FY 2016-17 onwards and remains almost consistent from this very year onwards. Gap between the Input of Raw Materials and Output of Finished Goods from the FY 2016-17 onwards remains uniform as both the curves move further parallel to each other. After FY 2004-05 Input-Output Ratio for SAIL is improved remarkably and being maintained also for another three financial years. Difference between the Input of Raw Materials and Production of Finished Goods is also reduced and remains consistent from the FY 2016-17 onwards.

Discussions based on management of receivables

TATA STEEL does not depend over Advances from Customers for its short term financial needs. Range of Sundry Debtors exists between Rs 539.4 crores to Rs 631.63 crores. A kind of consistency prevails between the range of Sundry Debtors. Creditors for Goods continuously increase up till FY 2018-19 but the Growth Rate becomes more intense from the FY 2016-17 onwards and hence the gap between the Creditors for Goods and Sundry Debtors widens as the time passes by. Level of Sundry Debtors remains below the Level of Advances from Customers in the FY 2004-05 for SAIL but thereafter it grows up at an extraordinary rate and crosses the Level of Sundry Debtors but again in the FY 2018-19 it comes below the Level of Advances from Customers for SAIL. For TATA STEEL, Inventory Proportion Ratio increases up till FY 2016-17 but declines after that with intense rate. Receivables Proportion Ratio continues to decline up till FY 2018-19. Cash Proportion Ratio remains lowest up till FY 2016-17 but intense changes can be observed in the Cash Proportion Ratio during the last couple of financial years. Cash Proportion Ratio during the selected four financial years remains above the Inventory Proportion & Receivables Proportion Ratios for SAIL. Composition of Receivables is significantly lower relatively to other current assets during all the four consecutive financial years.

Therefore Receivables Proportion Ratio is quite low relatively to other ratios. Debtors Turnover Ratio for TATA STEEL takes a shape of downwards sloping curve towards the origin which denotes continuous and constant growth. For SAIL highest Debtors Turnover Ratio (121.281times) is observed in the FY 2004-05 and thereafter it declines at rapid rate up till FY 2017-18. Current Assets Turnover Ratio remains consistent and ranges between 0.8-1.4 up till FY 2018-19. Difference between the former and latter ratios reduces up till FY 2017-18. On the basis of Regression equation Receivables Turnover Ratio computed for TATA STEEL is equal to 35.04 times which stands third in ranking among the selected units. Based on Lines of Regression overall Receivables Turnover Ratio for SAIL being 785.82times and its ranking is first among the selected units.

Discussions based on management of other factors

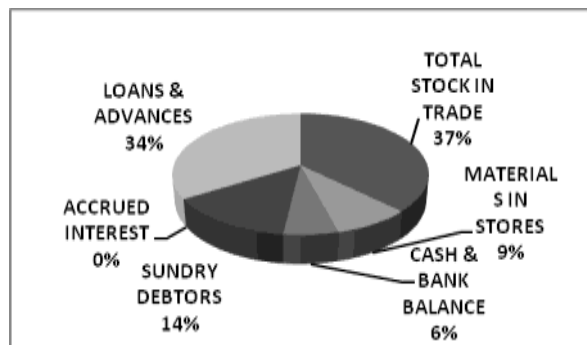
Working Capital Leverage for TATA STEEL declines just in the FY 2016-17 but during the next three years it increases and that too with high intensity. Range of Working Capital Leverage lies between 0.3 to 1.6. ROCE (Return on Capital Employed) is in the shape of downwards sloping curve towards right which denotes its continuous declination with high intensity. Correlating Working Capital Leverage with ROCE we get -0.8 (High degree of correlation). Working Capital Leverage for SAIL shows slight changes. ROCE curve on the other hand being convex to the X axis initially declines but increases in the later stages. There is negative correlation (P) = -0.2 exists between the Working Capital Leverage and ROCE. For TATA STEEL up till FY 2016-17 Current Assets To Total Net Assets Ratio & Current Liabilities To Total Funds Ratio slope downwards parallel to each other which denotes that during this duration no specific alteration is observed in the level of Net Working Capital. From FY 2017-18 Current Assets to Total Net Assets Ratio change its direction and moves drastically upwards towards right while Current Liabilities to Total Funds Ratio continues to move downwards. This combined movement of curves increases the difference between them and thus the amount of Net Working Capital increases with the passage of time. For SAIL both Current Assets to Total Net Assets Ratio and Current Liabilities to Total Funds Ratio increase with the passage of time. However the degree of increment of the former is greater than the latter due to that the level of Net Working Capital also increases as the time passes by. For TATA STEEL changes in the amount of Net Working Capital have always been incremental and during the last couple of years degree

of increment is quite high. Amount of increments of Net Working Capital tends to increase continuously from the FY2016-17 onwards. Since the curves representing EPS and DPS are seem to be parallel to each other, hence it can easily be concluded that company keEPS uniformity in the Dividend Payout Ratio. Particularly from FY 2016-17 onwards DPS increases uniformly with EPS. However degree of correlation between the amount of Changes in Working Capital and DPS is

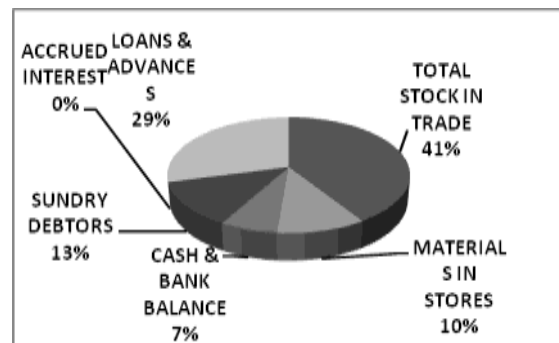
$(r) = 0.991974$. Similarly there is positive degree of correlation between amount of changes in the net working capital and EPS equivalent to 0.9. It would be interesting to know that negative degree of correlation $(P) = -0.9$ exists between ROCE and Current Assets to Total Net Assets Ratio. SAIL experiences just increments in the level of Net Working Capital after FY 2004-05. However the degree of changes varies. As company doesn't declare dividends during the complete span of four financial years no question arises regarding DPS. Highest EPS is experienced by the company in FY 2004-05. Correlation between the changes in the amount of Net Working Capital and EPS is equal to $(r) = -0.9$. Positive Correlation $(r) = 0.4$ exists between ROCE and Current Assets to Total Net Assets Ratio. As far as TATA STEEL is concerned Rate of increment of Current Assets is quite higher than that of Current Liabilities especially after FY 2016-17 onwards gap between the former and latter increases rapidly and as Current Assets are above Current Liabilities throughout the given span of financial years hence amount of Net Working Capital increases with the passage of time. For SAIL Current Assets and Current Liabilities both grow up till FY 2018-19, but the growth rate of the former is higher than the latter as a result Net Working Capital continues to grow with the passage of time. (Sabunwala, Z, 2013).

Charts used for the justification of the discussion

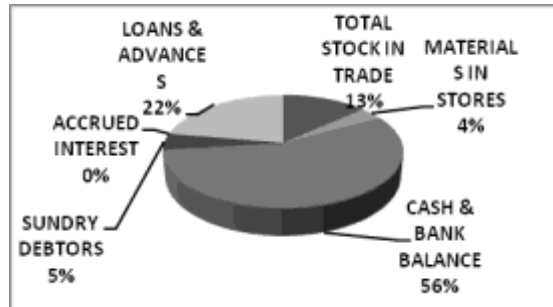
Discussions based on the charts (drawn with the help of annual reports) given below.



(a) Current Assets Composition (FY 2004-05)



(b) Current Assets Composition (FY 2016-17)

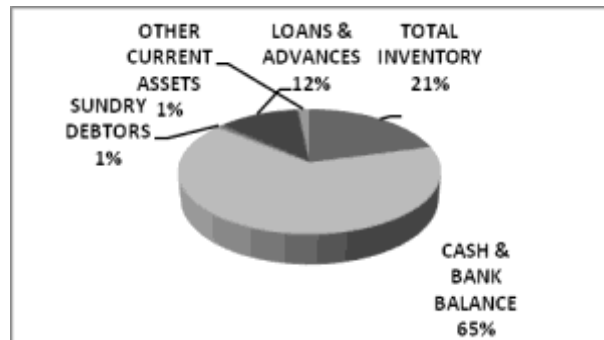


(c) Current Assets Composition (FY 2017-18)

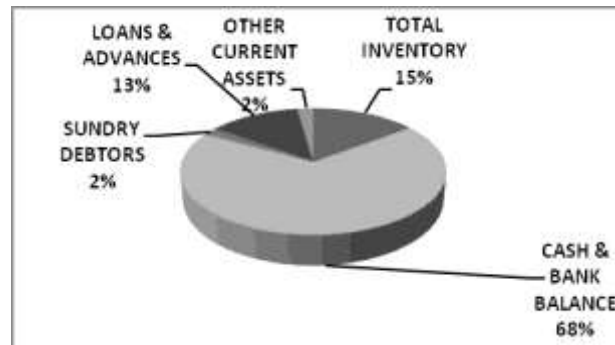


(d) Current Assets Composition (FY 2018-19)

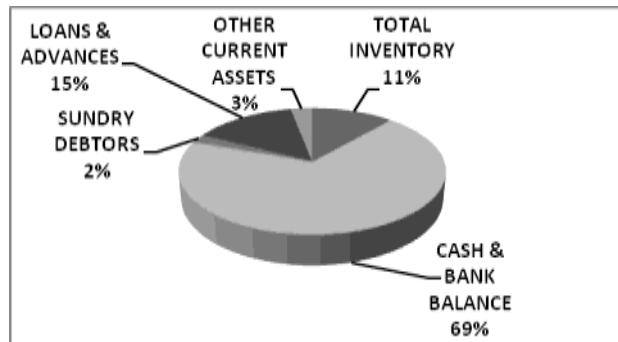
Chart 1: Comparative Chart of (a), (b), (c), (d), for Composition of Current Assets Between FY 2004 -08 for TATA STEEL.



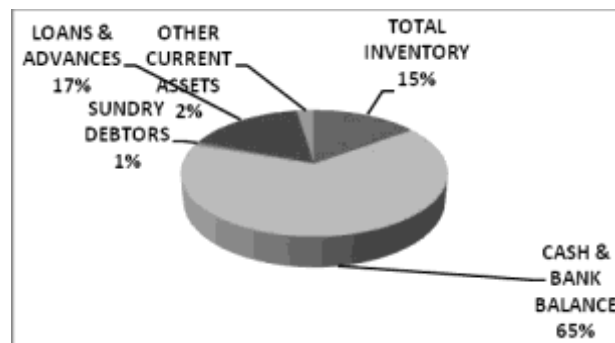
(a), Current Assets Composition (FY 2004-05)



(b), Current Assets Composition (FY 2016-17)



(c), Current Assets Composition (FY 2017-18)



(d), Current Assets Composition (FY 2018-19)

Chart 2: Comparative Chart of (a), (b), (c), (d), for Composition of Current Assets Between FY 2004 -08 for SAIL.

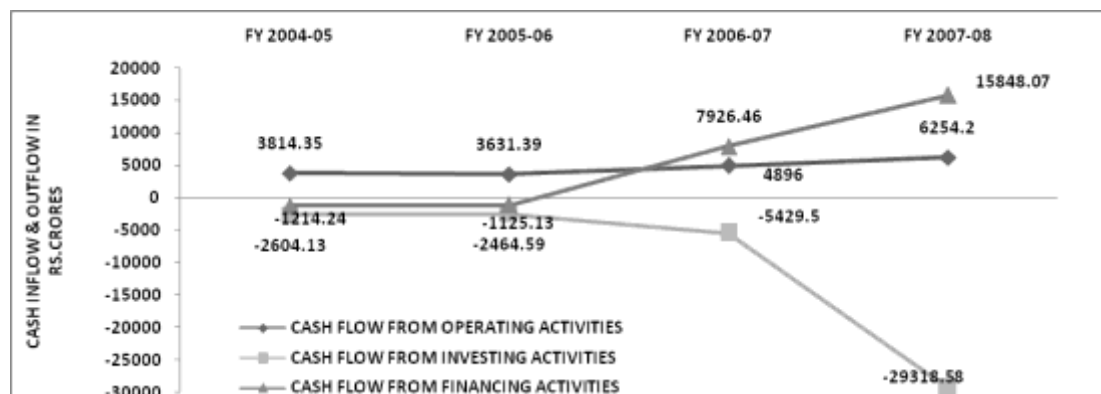
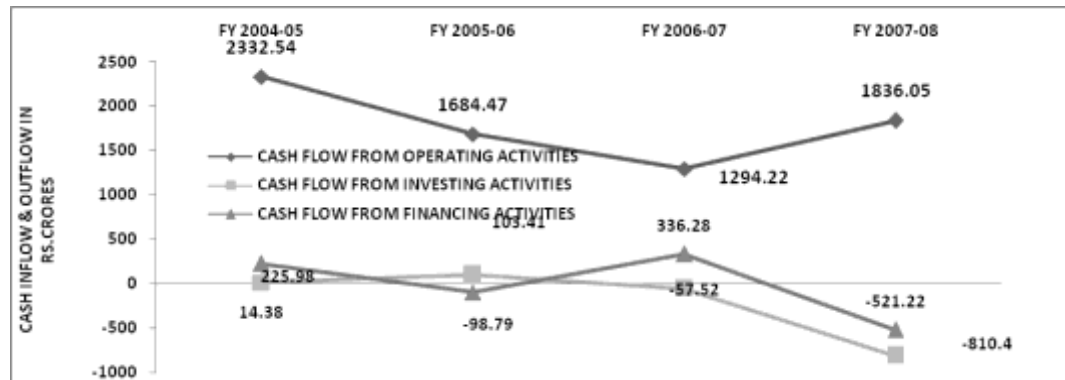


Chart 3: Cash Flows from Different Activities in TATA STEEL.**Chart 4: Cash Flows from Different Activities in SAIL.****Justification based on the above discussion**

The proportion of cash to total current assets maintained by SAIL ranges between 65% to 69% throughout the selected financial years. Conversely, for TATA STEEL, it ranges between 1% to 56%, with the highest cash balance of 56% observed in FY 2017-18 during the CORUS acquisition, while remaining below 10% for other years. This indicates SAIL's more conservative approach to liquidity management. TATA STEEL demonstrates an improvement in cash generation from operating activities starting from FY 2016-17 onwards. Cash inflow from financial activities is noted in FY 2017-18 and 2018-19, coinciding with the CORUS acquisition. Conversely, SAIL's efficiency in generating cash from operating activities declines until FY 2017-18. Apart from that company also resort to raise cash through financing and investing activities twice from each activity during the span of four consecutive financial years. The company did not undergo any merger activity during the four years under consideration. TATA STEEL has consistently paid out more in cash dividends than it has in cash financial costs over the entire period. Conversely, SAIL did not incur any cash outflow due to dividend payments. (Mukherjee, R. (2008).

SAIL has aggregated finished goods and work-in-progress inventories, with a significant portion of the total inventory comprised of materials in stores. In contrast, TATA STEEL has segregated finished goods and work-in-progress inventories, with a relatively smaller proportion of materials in stores compared to the total inventory. Excessive consumption of materials in store increases manufacturing cost. If work-in progress and finished goods inventories are not separated then estimating the correct length of the operating cycle becomes a tough job. SAIL obtains raw materials from its own captive mines.

The proportion of receivables to total current assets ranges from 1% to 2% for SAIL, whereas for TATA STEEL, it ranges from 1% to 14%. Notably, during the years of the CORUS acquisition, there is a decrease in the composition of debtors, possibly due to heightened cash requirements. Debtors turnover ratio declines for SAIL up till FY 2017-18 while for TATA STEEL it continues to increase up till FY 2018-19. (Debtors turnover ratio has been computed against cost of sales).

Quantitative testing of hypothesis

The above hypothesis has not yet been quantitatively tested. Therefore, the validity of the hypothesis will be assessed based on two criteria: working capital leverage and working capital to sales ratio.

Attribute 1: Working Capital Leverage

Let us take the null hypothesis H_0 = that there is no notable difference between the effects of working capital leverages of private and public sector enterprises or working capital leverages of both the sectors affect in the same way. i.e. $H_0: \mu = \mu_0$, where μ denotes population parameter and μ_0 stands for hypothesized value of μ . Alternative hypothesis $H_1: \mu \neq \mu_0$ that is effects of working capital leverages of private and public sector enterprises are

different or working capital leverages of both the sectors do not affect in the same way (Gope et, al 2005).

Null hypothesis will be tested against critical value of $z = \pm 1.96$ (5% level of significance for two tailed test)

TATA STEEL		SAIL
Mean Working Capital Leverage:	$0.7695(A_{TATA STEEL})$	$1.1775(A_{SAIL})$
Standard Deviation	$0.578002(\sigma_{TATA STEEL})$	$0.05827(\sigma_{SAIL})$
Number of years	$4(N_{TATA STEEL})$	$4(N_{SAIL})$
	$Z = \frac{(A_{TATA STEEL}) - (A_{SAIL}) / \text{sq.rt of } [(\sigma_{TATA STEEL})^2 / (N_{TATA STEEL}) + (\sigma_{SAIL})^2 / (N_{SAIL})]}$	
	$= 0.7695 - 1.1775 / \text{sq.rt of } [(0.578002)^2 / 4 + (0.05827)^2 / 4]$	
	$= -3.4616$	

Given that the value of $z = -3.4616$ falls significantly below the critical value ($z = -1.96$, at a 5% level of significance for a two-tailed test), the null hypothesis $H_0: \mu = \mu_0$ is rejected and alternative hypothesis $H_1: \mu \neq \mu_0$ is accepted that is sensitivity for changes in current assets is different for public and private sectors. (SAIL and TATA STEEL are representing public and private sector enterprises respectively), (Singh, N. K., & Choudhary, N. (2011).

Attribute 2: Working Capital to Sales Ratio

Null hypothesis H_0 : The efficiency of working capital to generate sales turnover is equal for public sector and private sector enterprises, or there is no difference in the efficiency of working capital to generate sales turnover for public and private sector enterprises. Alternative hypothesis H_1 : The efficiency of working capital to generate sales turnover differs between public sector and private sector enterprises. The null hypothesis will be evaluated against a critical value of $z = \pm 1.645$ at a 10% level of significance for a two-tailed test (Kumar, Y. (2017).

Table 4. Mean Working Capital to Sales Ratio of TATA STEEL and SAIL

	TATA STEEL	SAIL
Mean Working Capital to Sales Ratio	$21.12248(A_{TATA STEEL})$	$1.29875(A_{SAIL})$
Standard Deviation	$22.60069(\sigma_{TATA STEEL})$	$0.222679(\sigma_{SAIL})$
Number of years	$4(N_{TATA STEEL})$	$4(N_{SAIL})$
Z=	$\frac{(A_{TATA STEEL}) - (A_{SAIL}) / \text{sq.rt of } [(\sigma_{TATA STEEL})^2 / (N_{TATA STEEL}) + (\sigma_{SAIL})^2 / (N_{SAIL})]}$	
=	$21.12248 - 1.29875 / \text{sq.rt of } [(22.60069)^2 / 4 + (0.222679)^2 / 4]$	
=	1.7541	

Given that the value of $z = 1.7541$ exceeds the critical value ($z = +1.645$, at a 10% level of significance for a two-tailed test), the null hypothesis $H_0: \mu = \mu_0$ is rejected. Therefore, the alternative hypothesis $H_1: \mu \neq \mu_0$ is accepted, indicating that the efficiency of working capital to generate sales differs between public sector and private sector enterprises.

Hence on the basis of testing done in the attribute 1 and 2 hypotheses "The assertion that the management of working capital is identical between public sector and private sector enterprises in the Iron & Steel Industry is refuted, as it does not hold true."

Extract

1. SAIL is more conservative about the liquidity relatively to TATA STEEL.
2. Cash generating capacity through operating activities declines for SAIL hence it

depends upon other sources for its cash needs.

3. During the complete span of four years SAIL never undergo acquisition sort of activity.
4. Cash outflow on account of payment of dividends by SAIL has not been observed.

Based on above conclusions it can strongly be claimed that management of cash of private sector enterprises and public sector enterprises is different.

1. The estimated durations of the finished goods holding period and work-in-progress period are more precise for TATA STEEL due to its separate accounting for each category of inventory.
2. SAIL maintains a higher proportion of materials in stores relative to total inventory compared to TATA STEEL. This indicates that TATA STEEL demonstrates greater efficiency in materials handling.
3. SAIL benefits from access to raw materials sourced from its captive mines. Paul, P., & Mitra, P. (2018).

Therefore, management of inventory of private sector enterprises and public sector enterprises is different.

1. 1. Maintaining a low proportion of receivables to total current assets may suggest a lack of readiness to handle delayed cash inflows and reflects the company's conservative credit policy. With the exception of the acquisition years, TATA STEEL consistently maintains a high proportion of debtors to total current assets.
2. In exploiting the receivables into sales turnover TATA STEEL is far ahead of SAIL. (Baa, R., & Chatteraj, A. K. (2023).

Conclusion

Hence, we can conclude that the management of receivables of public sector enterprises is different from the private sector. Based on the extract hypothesis is rejected as it is proven false. This states that the pattern of managing working capital is different in public and private sector iron and steel companies.

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