



## SHARE PRICE MOVEMENT OF STEEL COMPANIES LISTED IN BOMBAY STOCK EXCHANGE (BSE)

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### Introduction

Commercial iron that contains carbon in any amount up to about 1.7 percent as an essential alloying constituent, is malleable when under suitable conditions, and is distinguished from cast iron by its malleability and lower carbon content.

The steel industry is a diverse, global entity that produces both raw steel and finished product. Total finished steel production in the country increased at a CAGR of 8.39 per cent over Financial Year 12-17. Crude Steel and Finished Steel production during April-October 2017 stood at 58.42 MT and 67.34 MT, respectively. In India the steel production has increased at a compound annual growth rate of 6.9% over 2008–12.

### Steel Industries in India

India is the second largest producer of steel and the industry produced 91.46 million tons of total finished steel. The steel companies are most important companies in India. The Indian Ministry of Steel is concerned with the coordination and planning of the growth and development of the steel industry in the country, both in the public and private sectors. Steel industry is the business of processing iron ore into steel, which in its simplest form is an iron-carbon alloy, and in some cases, turning that metal into partially finished products or recycling scrap metal into steel.

India being a developing country, Steel Industry has a very important role to play. The manufacture of steel is regarded as one of the key industries. It is a prerequisite for modern industrial development.

### Role of Steel Industries in India

The Role of Steel Industry in India is very important for the development of the country. In India the steel are among the most important components required for the infrastructure development in the country.

### Role of Steel Industry in India GDP-Facts

1. The Steel Industry in India is one of the fastest growing sectors.
2. The demand of the Steel industries are increase in the activities of the automobiles industry, real estate's industry, transportation system, aircraft industry, ship building industry, etc.
3. India is the second largest place for production of steel.

### Objective

The study has been made to fulfill the following objectives:

1. To study the share price movement of selected five steel companies listed in Bombay Stock Exchange (BSE).
2. To survey the existing situation of share price movement.

### Statement of Problem

The study of share price movement is a main aspect in the business analysis. Knowledge of share price enables investors to choose the companies or industries in which to invest in rationally. However not all investors are well informed and thus make decisions fully based on apparent view of the companies or industry share price movement. So this investigation is based to find the share price variations of five different steel industries listed in Bombay Stock Exchange.

**Methodology:** The methodology focuses on statistical techniques and data collections methods are used in this study.

**Data Collection:** Secondary data was used in this study. The dates and information's are collected from company financial statements and the data are collected for five Steel Companies listed in Bombay Stock Exchange (BSE).The datas are collected for the period of five years.

### Statistical Techniques

1. Trend analysis
2. Mean

The above tools are used to find out the share price movement of existing situation in the steel industries.



## Review of Literature

### Limento and Djueria (2013):

They examined the correlation between Ratio Analysis and macro-economic indicators with stock price. They selected in nine publicly listed transport companies in Indonesia. They used various ratio indicators included Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Debt-Equity Ratio (DER), Total Asset Turnover (TAT), Current Ratio (CR), Price Book Value (PBV) and Earnings Per Share (EPS). Macro-economic indicators are used were inflation, GDP and Risk Free Rate (SBI). Finally they found the regression result showed that ROA, ROE, NPM, CR, DER, PBV, Inflation, SBI and GDP have insignificant correlation with stock price movement and TAT and EPS have a significant correlation with share price.

### Malhotra and Tandon (2013)

He determines the factors that influence stock prices in the context of National Stock Exchange (NSE) of 100 companies. He selected a sample of 95 companies and he used the linear regression for calculating the stock price. He found that the firms' book value, earning per share and price - earnings ratio are having a significant positive relationship with firm's stock price.

### Koskei & Kibet (2013)

They investigated the relationship between capital structure and share prices in NSE assessed the effect of debt, equity and gearing ratio on share price. The results indicated that the debt, equity and gearing ratio were significant determinants of share prices for the sector. Finally they found the gearing ratio and debt are positively affect share prices while the equity negatively affected share prices.

### Almumani (2014)

He identifies the quantitative factors that influence share prices for the listed banks in Amman Stock Exchange. Using a linear multiple regression model. They found it is a significant positive relationship between EPS and the MP of the listed banks in Jordan, and there is a significant relationship between banks BV and MP. He found from the regression analysis shows a positive relationship between P/E and MP. Also found from the regression analysis on the relationship between SIZE and MP indicates there is an inverse relationship between SIZE and MP.

**Data Analysis**  
**Share Price Movement of Top Five Steel Companies Listed In Bse Tata Steel Industry**



**Interpretation:** It is found that the stock price found that there is no change in stock prices over a past few months. So it is constant over a last five years.



### Visa Steel Industry



### Interpretation

It is found that downtrend line that means negatively sloped. The trend line indicates the share price movement of a company. The stock has been reduced for past few months; we have taken closing price of the company. During April month the support level was rs.42. But later the stock price reduced every month.

### Jindal Steel Industry

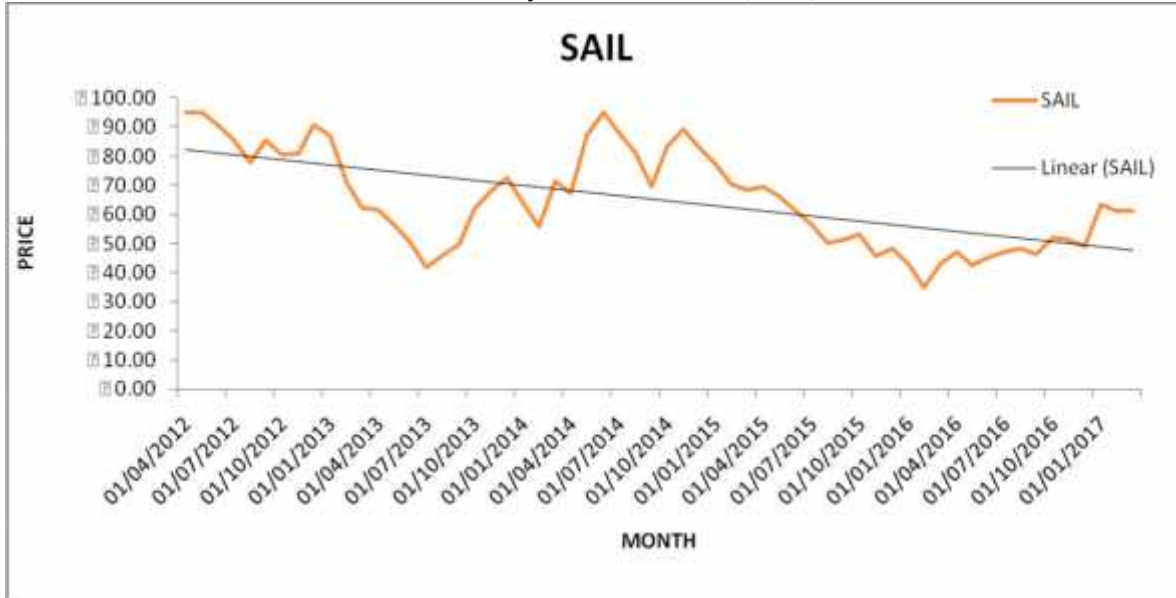




**Interpretation**

It is found that downtrend line that means negatively sloped. The trend line indicates the share price movement of a company. The stock has been reduced for past few months; we have taken closing price of the company. During April month the support level was 420. But later the stock price reduced every month.

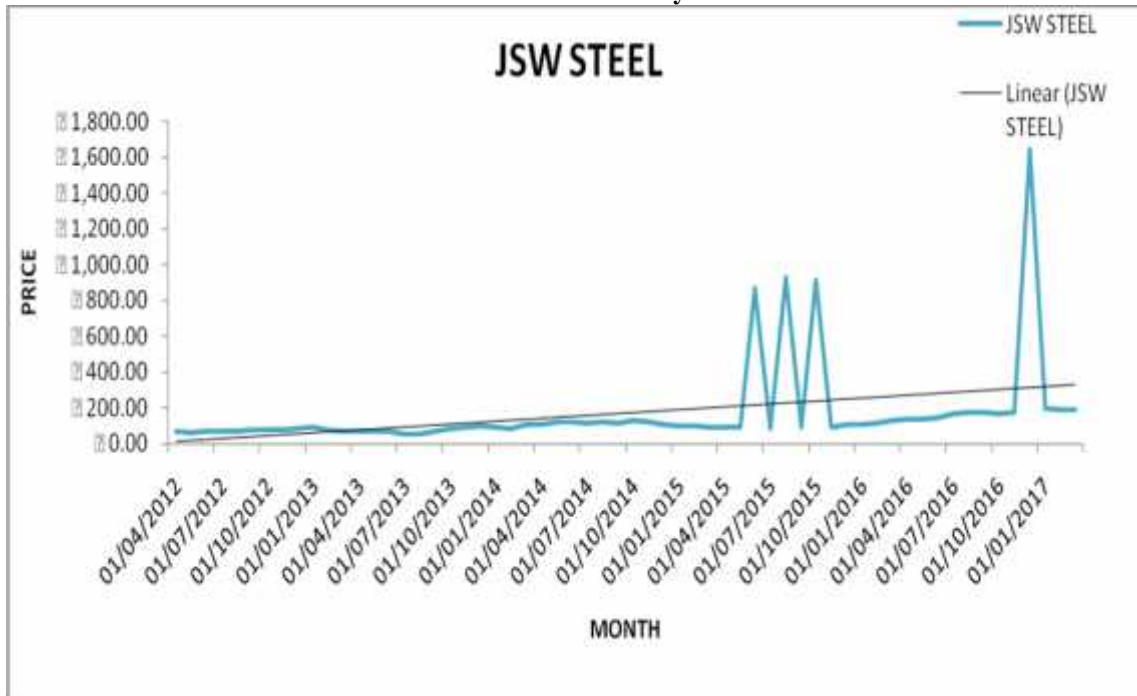
**Steel Authority of India Limited (SAIL)**



**Interpretation**

It is found that downtrend line that means negatively sloped. The trend line indicates the share price movement of a company. The stock has been reduced for past few months; we have taken closing price of the company. During April month the support level was rs.82. But later the stock price reduced every month. Finally it reached rs.51.

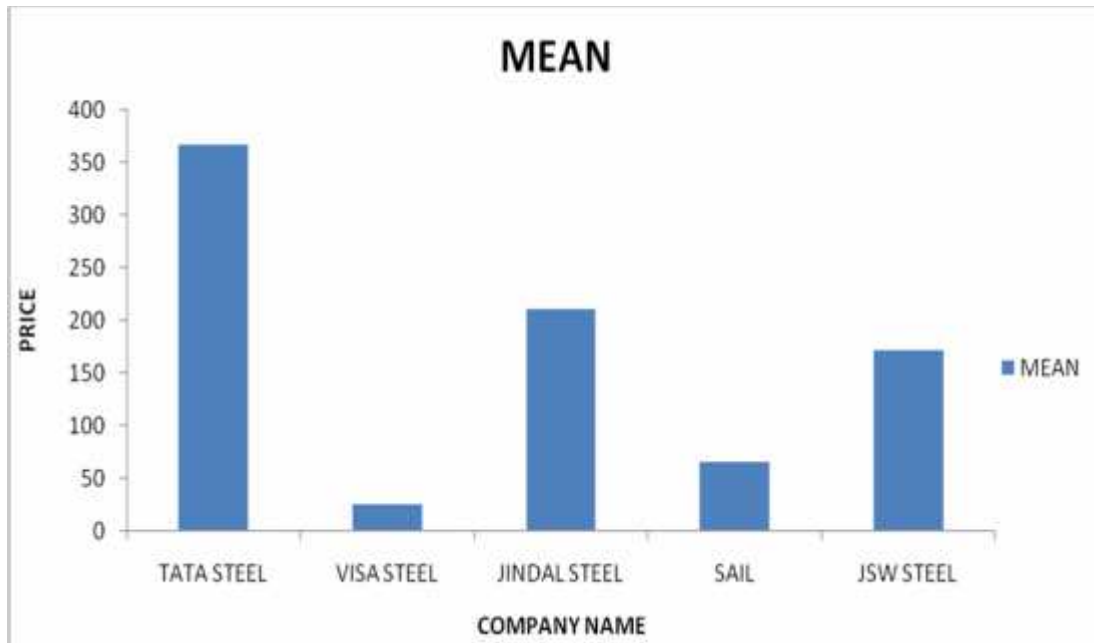
**JSW Steel Industry**





### Interpretation

It is found that uptrend line in Jsw steel industry. The trend line indicates the share price movement of a company. The stock has been increased for past few months; we have taken the closing price of the company. During April month the support level was rs.50. But later the stock price increased every month. End of the financial year it reached rs.300 at the end of March month.



### Interpretation

1. Tata steel company scores the top most value comparing with the four other steel companies followed by JINDAL steel industry.
2. Visa steel company scores the least value compared to other steel companies.
3. Jsw steel company in third position with an aggregate value of 171.338 followed by others.
4. SAIL industry in fourth position with an aggregate value of 64.973 followed by others.

### Findings and Suggestions

#### Findings

The major findings of the study are, there is a continuous fluctuation in stock price of the companies or industries. Sometime it's going on stable.

#### Suggestions

On the basis of the investigations made by the researcher, the following areas related to the study are identified for further research.

1. A detailed study on the stock split on share price of the companies.
2. A detailed study on present development in stock market.
3. A study on impact fluctuations in share price.
4. A study on stock price and macro economic variables.

### Conclusion

In India every industry require huge amount of investment. But the funds are raised through the issue of share. The share price movement of the company will affect the issue of share and sometime it going on stable that time the company cannot earn more profit and does not collect excess funds through the bonus issue of the share. This study made will help to know the effects of share prices of the steel industries. Then find out the support level of the companies.