A STUDY ON COMPANIES INTERNAL AND EXTERNAL ANALYSIS OF JSW STEEL AND ITC LIMITEDSECURITIES

[1]Dr. M. ROBINSON, [2]RAHAVENDHER RAJ A.BK

[1]Assistant Professor, Department of Management Studies Anna University BIT Campus, Trichy – 24

[2]Student, Department of Management Studies Anna University BIT Campus, Trichy - 24

ABSTRACT

A SWOT analysis is one of the most widely used tools for assessing a company's 'qualitative' aspects. As a result, it provides insight into the company's competitive advantages and market position.It has become a key tool to understand company internal environment.By using SWOT analysis for evaluation, this paper examines the impact of marketing intelligence on strategic marketing planning. Additionally, the paper aims to examine the critical issues of SWOT analysis and suggests a way to handle them.In this study examined historical SWOT analyses, examining how SWOT analysis was carried out in JSW steel and ITC limited and examining different SWOT analysis approaches.

Keywords: *JSW Steel, ITC Limited, SWOT Analysis, Situational Analysis.*

INTRODUCTION

SWOT analysis evaluates a company's Strengths, Weaknesses, Opportunities, and Threats. Strengths and Weaknesses are internal factors a company can control, whereasOpportunities and Threats are external factors. It's a little more difficult for companies to control opportunities and threats because they are external factors. Management can, however, identify threats and opportunities by using SWOTanalysis of stocks, and accordingly take appropriate action.
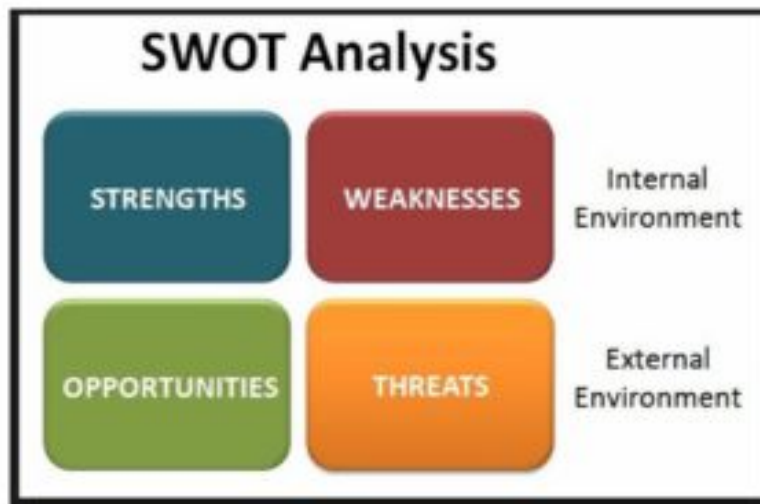
SWOT analysis is beneficial for stocks for the following reasons:

- An effective qualitative analysis of a stock can be done by conducting a SWOT analysis. Despite its simplicity, it is an effective approach.
- A company's weak points can be identified, so that they can be dealt with in the future.
- Finding a moat is important to creating a sustainable competitive advantage, which will protect your investments in the future.

REVIEW OF LITERATURE

Rahavendher Raj A.BK.,Saravanan S,& Robinson M (2022) Analyse fundamentally companies performance in stock exchange by using EIC framework (Economic analysis, Industry analysis, and Company analysis) in economic analysis use 62% of GDP in this study to select a right stock to invest for long term investors, Fund Managers and Mutual fund investors.Fundamental analysis is considered to be one of the simplest ways of evaluating a company but stock valuation is one of the most complex tasks in financial analysis. The main objective of fundamental analysis is to determine the actual current value of the company and main aims of fundamental analysis is prediction of future profits, dividends and the risk in order to calculate the true value of the stocks.

Saravanan S and Vidhyatharan R (2020) estimated the expected return of selected securities from major sectoral indices from NSE & BSE, and to compare their performances i.e. before and after the strike of novel corona virus pandemic. The 5 different sectors listed in National Stock Exchange (NSE)like Nifty Auto, Nifty Energy, Nifty pharma, Nifty financial services, are taken into account and 5 securities from each sector is selected for calculating the expected return. The data is collected for the securities listed in NSE for the timeframe of 6 months from 1st November 2019 to 30th April 2020 to estimate the expected return on the stock.

Silpa, K.S. & Mol, J. &Ambily, A.S. (2017) Analysis of capital market can be done either by Fundamental analysis or by Technical analysis. This paper aims to study on Fundamental analysis of selected IT companies listed at NSE. Fundamental analysis is studied in three parts. Economic analysis deals with fundamental factors like GDP, IIP, fiscal deficit, inflation, current account deficit etc. Industry analysis Indian IT sector is analyzed based on entry barriers, type of industry, government interference, Porter's five force model. Finally, Company analysis deals with various ratios such as dividend payout ratio, EPS, P/E ratio, Debt-Equity ratio are used.

Mala, S & Saravanan, S (2018) concentrates on computational approach for predicting the interval (number of trading days), a significant feature of stock market analysis using Haar Wavelet. A distinct model is proposed for predicting the high value of returns. The prime objective is to understand the trends using Haar wavelet and use this information to determine the interval for future direction.

SWOT ANALYSIS

JSW Steel :

The largest private steel manufacturer in terms of installed capacity is JSW Steel Ltd. One of its most advantageous characteristics is its low cost. Steel and power are also segments of the company's business.

Strengths:
1. Promoters increasing shareholdings.
2. Raising net cash flow and cash from operating activity.
3. Having a capacity of 14+ Million Tonnes Per Annum and India's third largest steelmaker.
4. Consistently growing revenue and a strong financial position provide the company with long-term growth prospects.
5. Strong financial position.
6. Introducing Corex Technology for the production of hot metals in the steel industry for the first time.
7. Providing services both upstream and downstream.

Weaknesses:
1. The portfolio is not as diverse as that of industry leaders.
2. There are fewer mines under its hood, so raw materials are less available.
3. The utilization of its capacity is not 100 percent.
4. Mutual fund decrease last quarter.
5. Decline in Net profit with falling profit margin in quarterly.

Opportunities:
1. Strong growth in demand from domestic and international sectors.
2. M&A activities to keep raw material supply steady.
3. Development of new products through R&D investments.
4. Positive breakout of first resistance in monthly.
5. Stock with low Price to earn ratio.

Threats:
1. Steel production is cyclical, so efficient processes are necessary.
2. Foreign and domestic competition.
3. Government and environment regulations.
4. Fluctuation in resources and finished product prices.
5. Increasing Trend in non-core income.

ITC Limited:

ITC Limited is a market capitalization of US $ 45 billion and a turnover of US $ 7 billion make ITC one of India's most prominent private companies. Brand Finance's study published by the Economic Times named ITC as one of the top 10 most valuable companies in India. Besides ranking among Asia's 50 hottest companies, Business Week also includes ITC.

Strengths:
1. In addition to its great products and distribution, ITC has an experienced management team.
2. Brand recognition and excellent product advertising have contributed to the brand's consistent growth.
3. A variety of products and services are offered by ITC, including FMCG, Hotel chains, Paper & Packaging, and Agribusiness
4. More than 4 million farmers are reached by ITC's CSR and sustainability initiatives through over 6500 E-Chou-pal activities and sustainability initiatives.
5. Across all its businesses, ITC Limited employs over 30,000 people.
6. The brand manufactures high-quality products with excellent research and development facilities.
7. There are over 90 countries in which ITC products are exported.
8. Approximately $10 billion in revenue is generated by the company each year.

Weaknesses:
1. Market share growth is slow for ITC in the FMCG segment due to the strong competition and market share growth is slow for ITC in the FMCG segment due to the strong competition.
2. There is a lack of market share in the hotel and hotel based industry.
3. mutual fund decreased in last quarter.

Opportunities:
1. Increasing urban penetration and tapping rural markets.
2. Strengthening the brand through mergers and acquisitions.
3. Increasing people's purchasing power and thereby increasing the demand for goods and services.
4. In order to increase market share, hotel chains need more publicity.

Threats:
1. Smoking regulations and policies are strictly enforced by the government.
2. Competitors in FMCG and hotel chains are fierce and increasingly competitive.
3. By allowing foreign direct investment in retail, international brands will be able to compete.
4. Income from non-core activities is on the rise.

CONCLUSION

In order to analyse stocks with regard to their strengths, weaknesses, opportunities, and threats, a SWOT Analysis is a useful tool to use. In order to make a reasoned investment decision, SWOT Analysis should be performed properly before investing. This helps to understand a company's performance and to identify the threats it faces. It helps to reduce risk for investors.

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