

A STUDY ON OVERALL FINANCIAL PERFORMANCE OF BHARAT SANCHAR NIGAM LIMITED.,

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Abstract

Telecommunications is the transmission of data and information between computers using a communications link such as a standard telephone line. The telegraph act of 1885 governed the telecommunications sector. Under this act, the government was in-charge of policy making and provision of services. In 1994, it was a watershed in the history of Indian telecom sector, which ranked sixth in the world after USA, china, Japan, Germany, and France in terms of number of installed fixed lines. Bharat Sanchar Nigam Ltd. was incorporated on 15th September 2000. It took over the business of providing of telecom services and network management from the erstwhile Central. Presently, the Indian telecom industry is currently slated to an estimated contribution of nearly 1% to India's the Indian. Telecommunications network with 110.Q1 million connections is the fifth largest in the world and the second largest among the emerging economies of Asia. Today, it is the fastest growing market in the world and represents unique opportunities for U.S. companies in the stagnant global scenario. The total subscriber base, which has grown by 40% in 2005, is expected to reach 250 million in 2007. According to Broadband Policy2004, Government of India aims at 9 million broadband connections and 18million in target connections by 2007.

Keywords: *telecommunications sector, Bharat Sanchar Nigam Ltd, Broadband Policy, Global System for Mobile Communications, Code Division Multiple Access, Telecom Training Institute*

The wireless technologies currently in use are Global System for Mobile Communications (GSM) and Code Division Multiple Access '(CDMA).. There are primarily 9 GSM and 5 CDMA operators providing mobile services in 19 telecom circles and 4 metro cities, covering 2000 towns across the country.The company has vast experience in planning, installation, network integration & maintenance of switching & transmission networks & also has a world class ISO 9000 certified Telecom Training Institute.

Statement of the Problem

The financial measures are developed that will direct the employee' toward achieving specific results, to support organization growth as well as the employee's safety. Since the management wanted to know the financial measures which are provided in their organization.

- Profit and profitability is also other considerable thing. Due to high degree of competition, the profit margin is decreased.
- There are certain controllable and uncontrollable factors affecting profits of the companies. It is hypothesized and by controlling the controllable factors, the companies can improve their profit and profitability.
- There are rapid changes in liquidity position (working capital) determining factors i.e. manufacturing process and business fluctuation.
- Ability of the company to perform activity to utilize resources.

Scope of the Study

The project entitled “a study of overall financial performance of Bharat Sanchar Nigam Limited.” Covers the financial position for the past five years which help the firm to have knowledge about their financial performance.

This study could be instrumental for the company to identify some of the areas here title attention has to be paid and also the study helps the company to take remedial measures in the areas in which it is lacking.

Need for the Study

- The study aim assessing profitability and solvency position of the company.
- The liquidity and activity positions are analyzed using liquidity and turnover ratios involving current liabilities.
- The solvency position of the company is also analyzed using ratios.

Objective of the Study

- To analyze the financial performance of Bharat Sanchar Nigam Ltd,
- To analyze the leverage position of the company.
- To assess the activity and solvency position of Bharat Sanchar Nigam Ltd,
- To find out the liquidity and profitability position of the company
- To make trend projection in future

Limitations of the Study

- The collection of primary data is not possible in the study so the availability of the data has been restricted.
- The exact details of the past position are not known as the analysis is made only for five years from the period 2007-08 to 2011-12.
- Since, the period of the study is limited; in depth analysis cannot be done.

Financial performance measures

The recommended measures for financial analysis are grouped into five broad categories: liquidity, solvency, profitability, repayment capacity and financial efficiency.

Tools used in analysis

- Ratio analysis
- Trend analysis

Current Ratio**Table 1 Current Ratio**

Year	Current Assets	Current Liabilities	Current Ratios
2007-08	55830056	43246548	1.29
2008-09	56942346	46324841	1.22
2009-10	60405408	54832402	1.10
2010-11	65328418	55660202	1.17
2011-12	62841219	58828432	1.06

Source: Annual Report (2007-08 to 2011-12) of BSNL

The above table follows that the current ratio of the company as maximum during the year (2007-08) as 1.29 and it was minimum during the year (2011-12) as 1.06 since the ideal current ratio is 1:1 and company maintain around the satisfied level, it can be inferred liquidity position seems to be satisfied to year.

Quick Ratio**Table 2 Quick Ratio**

Year	Quick Assets	Quick Liabilities	Ratios
2007-08	13413241	43246548	0.3
2008-09	9116758	46324841	0.1
2009-10	7466602	54832402	0.1
2010-11	20066602	55660202	0.4
2011-12	40831275	58828432	0.6

Source: Annual Report (2007-08 to 2011-12) of BSNL

The ideal ration is 1:1 the above table shown that the quick ration movement is upward and downward this ratio indicates that the position of the company is satisfied.

Debtors Turnover Ratio**Table 3 Debtors Turnover Ratio**

Year	Total Credit Sales	Debtors	Ratio
2007-08	82616933	3966453	20.8
2008-09	92229940	2415972	38.1
2009-10	60300475	2890468	20.8
2010-11	85797914	4533364	18.9
2011-12	98842380	2554826	38.6

Source: Annual Report (2007-08 to 2011-12) of BSNL

The company was more efficient in the management of debtors during 2012 as the ratio was 38.6, which was very high when compared with other subsequent years. The lowest ratio is 18.9 in the 2011 which indicates a delay in payment by debtors.

Debt Equity Ratio

Table 4 Debt Equity Ratio

Year	Total Debt	Share Holder Fund	Ratio
2007-08	3966453	9441299	0.4
2008-09	2415972	9441299	0.2
2009-10	2890468	9441299	0.3
2010-11	4533364	46052978	0.09
2011-12	2554826	46052978	0.09

Source: Annual Report (2007-08 to 2011-12) of BSNL

The table clearly shows that the debt equity ratio of the firm during the year 2008 was 0.4 which is very high and the lowest ratio is 0.09 in 2012. The debt equity ratio of the concern is satisfactory

Solvency Ratio

Table 5 Solvency Ratio

Year	Total Liabilities	Total Assets	Ratio
2007-08	34016274	196040930	0.2
2008-09	50705935	269812616	0.2
2009-10	28155585	305951258	0.09
2010-11	36904965	356750614	0.10
2011-12	47443651	375659656	0.12

Source: Annual Report (2007-08 to 2011-12) of BSNL

From the table, it is clear that the highest solvency ratio is 0.2 in the year 2009 which implies that the greater amount of firm's creditors' money was being used to generate profit for the firm's owners. The lowest ratio is 0.12 in the year 2012. The solvency ratio of the firm seems to be satisfactory.

Net Working Capital Ratio

Table 6 Net Working Capital Ratio

Year	Sales	Working Capital	Ratio
2007-08	28432527	59975832	0.4
2008-09	65443660	66988874	0.9
2009-10	24080704	193328916	0.1
2010-11	3889747	209130752	0.01
2011-12	91965660	233328702	0.3

Source: Annual Report (2007-08 to 2011-12) of BSNL

From the table, it is clear that the firm is slowly recovered from its poor liquidity position during the period 2011(0.01) and 2012(0.3) after a great decrease of the net working capital during the years 2008(0.9) and 2010(0.1) in which the current liabilities exceed the current asset of the firm. So the net working capital ratio of the company is satisfactory.

Trend Analysis

Trend Analysis of Sales

Table 7 Trend Analysis of Sales for the Years from 2012 to 2017

Year	Trend Analysis of sales
2012-2013	412934349
2013-2014	424642839
2014-2015	436351330
2015-2016	448059820
2016-2017	459768310

From the table, it is clear that the highest trend value of sales for the future years is Rs.459768310 in 2017 and the lowest is Rs.412934349 in 2013. Also in the year 2015 and 2016, there is a slower increment in the sales value compared to other years. So the sales value for the future years are in the increasing trend.

Conclusion

Financial is said to be the blood of any business concern. Financial performance analysis helps an organization to know its financial strengths and weakness. The study focus on the analysis of the financial performance of **Bharat Sanchar Nigam Limited**. It also highlights the liquidity and efficiency of the BSNL. The study undertakes various effort to analyze all of them in great details. From the study the researcher was able to find out the financial efficiency of the firm through a detailed analyzes of the different ratios' for the last five years. The study gives a clear idea of the financial position of the company has to be improved.

The future plan of the firm should be based on its financial strength and weakness. The management can take necessary action to reduce its expenditure and increase its income level, which can increase in the level of profit. As a result it's concluded that, any organization that aims to archive success in this county, this is the right time to analyze their financial performance prevail ailing in their organization. The financial performance of the company for the five years is analyzed and it is proved that the company is financially sound.

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