

The Emerging Diversities in Financial Performance of BSNL

Prof.M.Yadagiri¹ and B.Rajaram²

¹Dean, Faculty of Commerce and Business Management, Telangana University,
Nizamabad-503 322.T.S.

²Ph.D. Scholar, Department of Commerce, Telangana University,
Nizamabad – 503 322.T.S.

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ABSTRACT

The present study aims to examine the emerging diversities in financial performance of BSNL for the period from 2007-08 to 2016-17. Generally, the financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. The financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management, as reflected in the financial records and reports. The analysis is an attempt to measure the firm's liquidity, leverage, activity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring returns to the shareholders to maintain at least its market value. The average liquidity and solvency position of the BSNL is satisfactory. The Debtors turnover and working capital turnover ratios also satisfactory whereas the profitability position in terms of return on assets, return on capital employed and earning per share is not satisfactory. The study will help the stakeholders of the BSNL to take the necessary steps to improve the profitability position of the firm.

Keywords: Liquidity, solvency, turnover, profitability.

Introduction

It is proposed to examine the emerging diversities in financial performance of Bharat Sanchar Nigam Limited. Generally, the financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. The financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management, as reflected in the financial records and reports. The analysis attempts to measure the firm's liquidity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring returns to the shareholders to maintain at least its market value.

Review of Literature

Eljelly (2004)¹ in his study empirically examined the relationship between profitability and liquidity, as measured by current ratio and cash gap (cash conversion cycle) on a sample of 929 joint stock companies in Saudi Arabia. Using correlation and regression analysis, Eljelly found significant negative relationship between the firm's profitability and liquidity level as measured by current ratio. This relationship is more pronounced for firms with high current ratios and long cash conservation cycles. At the industry level, however, he found that the cash conversation cycle or the cash gap is of more importance as a measure of liquidity than current ratio that affects profitability. The firm size variable was also found to have significant effect on profitability at the industry level.

R.Ananthi&R.Sriram(2012)²in their Research Article on "Performance Evaluation of Selected Telecom Companies in India – A taxonomy Approach" In their study they have selected the Bharti Airtel, BSNL, Idea Cellular, MTNL, Reliance Communications and Tata communications for Evaluation of Performance and concluded that the Liquidity Ratio of BSNL stands top with 0.65 points when compare to other service providers, in case of Turnover Ratio the Reliance Communications occupied the first position with 0.94 points, in case of Profitability position of the companies, the Airtel takes top position with 0.92 points,

¹Eljelly, A. (2004). "Liquidity – profitability tradeoff: an empirical investigation in an emerging market". IJCM,14(2)

²A Research Article by 'R.Ananthi ,R.Sriram' published in Journal of Contemporary Research In Management. January -March, 2012.

Reliance ranked second with 0.85 points and BSNL ranked third with 0.63 points followed by Tata, Idea and MTNL.

Dr.M.Dhanabhakyaam&SwapnaKurian (2012)³ in their Research Article “Profitability Analysis of Bharath Sanchar Nigam Limited (Bsnl)” calculated the Net Profit Ratio, Return On Assets Ratio, Return On Equity, Earning Per Share and Cash Profit Ratio from the year 2001-02 to 2010-11 and concluded that the profitability ratios shows fluctuating trends except last two years and the last two years ratios shows negative values except cash profit ratios.

N.Swapna (2012)⁴in her Research Article “Telecommunication Sector in India – An Analysis” concluded that the telecom industry in India has witnessed a phenomenal and manifold growth over the recent years. In the country, personalized telecom access has become an essential necessity of life for a growing number of people. The telecom sector in India holds unlimited potential talking of future growth. In the nation, both Public as well as private firms are vigorously enhancing their technologies in a venture to take the telecom industry in the country to a much higher development.

Dr.PaporiBaruah&RashmiBaruah (2014)⁵concluded in their Research Article “Telecom Sector in India: Past, Present and Future” that the growth and development of Telecom sector of India has made it a key contributor in India’s economic and social up gradation. Every functional division and service provider of Telecom Sector of the country is trying to provide world class telecom infrastructure in its area of operation to give services to its customers and so, helping the country to progress in the global scenario.

Anshu Gupta (2015)⁶ in his Research Article “Financial Performance Evaluation of Telecommunication with special reference to BSNL” concluded that the BSNL follows aggressive policy of managing liquidity & company has sufficient liquidity assets to satisfy its short term liabilities. After overhauling the five years balance sheets of BSNL and all conditions, the author concluded that BSNL is facing the capital problem because of which financial position of BSNL are affected. Financial position of BSNL was good in 2004 comparative to present year. The profits of the company are decreasing year by year due to maintaining high liquidity.

Ms.Pritish, Dr.TarunaSaxena (2015)⁷ in their Research Article on “An Analysis of the Indian Telecom Industry” concluded that the Indian Telecom Industry contributes significantly to the overall socioeconomic development of India. It is an essential tool for the growth of the nation and the various telecom service providers offer voice and data services to the customers across different regions of the country including both urban and rural areas thereby facilitating the growth of this industry.

Objectives of the Study

The following are the important objectives of the study;

1. To identify the liquidity position of the company.
2. To examine the solvency position of the BSNL.
3. To study the profitability position of the company.
4. To assess the earning capacity of the BSNL.

Methodology

The emerging dimensions of financial performance has made an attempt to assess the overall financial performance of the BSNL on the basis of liquidity ratios,solvency ratios,activity ratios and

³ A Research Article by Dr.M.Dhanabhakyaam & Swapna Kurian published in Indian Journal of Applied Research Volume: 1 I Issue : 6 I March 2012 ISSN – 2249-555X www.ijar.in

⁴ A Research Article by N.Swapna MPGI National Multi Conference 2012 (MPGINMC-2012) 7-8 April, 2012 “Advancement in Electronics & Telecommunication Engineering” Proceedings published by International Journal of Computer Applications@ (IJCA)ISSN: 0975 – 8887

⁵ A Research Article by Dr.PaporiBaruah&RashmiBaruah , International Journal of Humanities & Social Science Studies (IJHSSS) A Peer-Reviewed Bi-monthly Bi-lingual Research Journal ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print) Volume-I, Issue-III, November 2014, Page No. 147-156 Published by Scholar Publications, Karimganj, Assam, India, 788711 Website: <http://www.ijhsss.com>

⁶ A Research Article by Anshu Gupta published in SSRG International Journal of Humanities and Social Science (SSRG-IJHSS) – EFES April 2015 ISSN: 2394 – 2703 <http://www.internationaljournalssrg.org>

⁷A Research Article by ‘Ms.Pritish, Dr.TarunaSaxena’ published in IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 17, Issue 10.Ver.II (Oct.2015), PP 35-42 www.iosriournals.org

profitability ratios for the period of ten years commenced from 2007-08 to 2016-17. The relevant data collected from various issues of BSNL annual reports.

Scope of the study

This study is an attempt to focus on an assessment of the financial performance of the BSNL from the perspective of the liquidity ratios, solvency ratios, activity ratios and profitability ratios. The study period is ten years starting from the year 2007-08 to 2016-17.

Limitations of the study

The study is carried out with the help of secondary data. The reliability of the results will be based on authenticity of the collected data. Secondary data is mainly accessed due to lack of access to primary data related to financials of the company. The study is based on the data of BSNL; therefore the generalisations drawn from the study may not be uniformly applicable to the entire telecom sector in India. In the analysis of data while calculating the percentages, averages and other statistical measures the figures are to be approximated. In spite of enough care taken in approximation, sometimes the totals may not exactly agree.

I. Liquidity Ratios: Liquidity is a prerequisite for the very survival of a firm. The short term creditors of the firm are interested in the short term solvency or liquidity of a firm. The liquidity ratios measure the ability of a firm to meet its short-term obligations and reflect the short term financial strength/solvency of a firm. There are three important liquidity ratios namely current ratio, quick ratio and cash ratios. The liquidity ratios of BSNL for the period from 2007-08 to 2016-17 are presented in the Table – 1

Table – 1: Liquidity Ratios of BSNL

Year	Current Ratio	Quick Ratio	Cash Ratio
2007-08	2.50	2.37	1.73
2008-09	2.29	2.12	1.49
2009-10	1.17	1.06	0.63
2010-11	0.98	0.84	0.09
2011-12	1.24	1.05	0.10
2012-13	0.90	0.71	0.06
2013-14	1.11	0.93	0.05
2014-15	0.78	0.62	0.05
2015-16	1.09	0.85	0.06
2016-17	0.82	0.81	0.19
Average	1.29	1.14	0.44

Source: Various issues of BSNL Annual Reports.

Findings and Discussion

Current Ratio: The current ratio of the BSNL in the year 2007-08 is 2.5, it implies that for every one rupee of current liabilities, current assets of two-and- half rupees are available to meet them. In other words, the current assets are two-and –half times the current liabilities. The liquidity position of the BSNL is good since there is margin of safety of 150 percent to the creditors. The current ratio in the year 2008-09 is 2.29 it indicates that the firm is easily able to meet its current liabilities as it is above the ideal current ratio though there was slight decrease in the current assets from the previous year. The current ratio is 1.17 in the year 2009-10 and there was a decrease of 1.12 compare to its previous year due to increase in the current liabilities and decrease in the current assets. The current ratio was further declined to 0.98 in the year 2010-11. Then after, the current ratio has increased to 1.24 from 0.98 in the year 2011-12. The current ratio in the year 2012-13 was 0.90 with 0.34 decrease due to increase in the short term borrowings compare to its previous year. There was a slight increase in the current ratio in the year 2013-14 and stood at 1.11 and again it was decreased to 0.78 in the year 2014-15. The current ratio was increased to 1.09 in the year 2015-16 and further declined to 0.82 in the year 2016-17.

The current ratios of the BSNL for the entire period of the study were not consistent, there was ups and downs noticed. The average current ratio for the period under review is 1.29. It shows that the company is able to meet its current liabilities with the available current assets. Since, telecommunication is capital intensive industry, more funds are required to be invested in capital assets, in the same way BSNL as a leading public sector telecom service provider was invested more funds in the capital assets. Due to these

reasons, there was volatility in the current ratios of the BSNL from year to year. The overall current ratio of the BSNL for the period under review is satisfactory but it needs to take measures to improve the current assets and decrease the current liabilities.

Quick Ratio: The quick ratio of the BSNL in the year 2007-08 is 2.37 and it shows that the acid-test ratio of the BSNL is more than the ideal quick ratio and also it is more than the industry average. The quick ratio of the BSNL in the year 2008-09 is 2.12, though it showed slight decline from the previous year, the company has more liquid assets to meet its current liabilities which is in a satisfactory level. In the year 2009-10, the quick ratio of the BSNL is 1.06, it is in a satisfactory level and the company can meet its current liabilities. The quick ratio in the year 2010-11 is 0.84 which shows the decline in the liquid assets when compared to the previous year and it is below the standard quick ratio. In the year 2011-12, the quick ratio of the BSNL is 1.05, the quick assets are enough to meet the current liabilities which are in a satisfactory level. The quick ratios of the BSNL from the year 2012-13 to 2016-17 are below the standard level that shows the liquid assets are decreasing and not sufficient to meet its current liabilities. However, the average quick ratio of the BSNL for the entire period under review is 1.14 which is considered satisfactory. Over the years the company has built up a strong ethics of liquidity and its highly liquid components of current assets have been more than the illiquid items. This gives the confidence to both the insiders who deal with the company on a day-to-day basis and the vendors and the suppliers.

Cash Ratio: The cash ratios of the BSNL in the year 2007-08 and 2008-09 are 1.73 and 1.49. In these two years it shows that the company is maintaining more cash and equivalent of cash balances to meet its current liabilities. From the year 2009-10 onwards there is a continuous decline of cash ratios having less than 1 in the remaining period of the study. It indicates that the company is not having sufficient liquid cash and cash equivalent to meet its current liabilities. The average cash ratio of the BSNL for the entire period under review is 0.44 which shows that the company's liquid cash is not sufficient to pay off its short-term creditors, this leads the company to go for short-term borrowings.

II. Leverage /Solvency Ratios: The second category of financial ratios is leverage or solvency or capital structure ratios. The long-term solvency of a firm can be examined by using leverage or capital structure ratios. The leverage or capital structure ratios may be defined as financial ratios which throw light on the long-term solvency of a firm as reflected in its ability to assure the long-term creditors with regard to periodic payment of interest during the period of the loan, repayment of principal amount on maturity or predetermined instalments at due dates. The data related to the important leverage ratios of the firm such as debt ratio, debt-equity ratio, interest coverage ratio and proprietary ratio are presented in the Table - 2.

Table - 2: Leverage Ratios of BSNL

Year	Debt Ratio	Debt Equity Ratio	Proprietary Ratio	Interest Coverage Ratio
2007-08	0.30	0.053	0.95	6.16
2008-09	0.32	0.046	0.96	3.87
2009-10	0.57	0.019	0.98	-5.25
2010-11	0.37	0.023	0.98	-15.87
2011-12	0.37	0.162	0.86	-46.91
2012-13	0.42	0.198	0.83	-21.63
2013-14	0.46	0.206	0.83	-31.44
2014-15	0.51	0.079	0.93	-16.62
2015-16	0.51	0.189	0.84	-6.67
2016-17	0.30	0.143	0.87	-31.65
Average	0.41	0.112	0.90	-16.60

Source: Various issues of BSNL Annual Reports.

Debt Ratio: It is observed that the debt ratios of the BSNL are moved from 0.30 to 0.57 in the entire period of the study with an average of 0.41. It shows that almost in all years the debt ratio is below 0.50 except the years 2009-10, 2014-15 and 2015-16. Even these three years also it is much near 0.50. Therefore it can be concluded that the firm is less risky and has twice as many assets as liabilities. It means the BSNL liabilities are less than 50 percent of its total assets. The average debt ratio of the BSNL during the study period is 0.41 or 41 percent which is below the ideal debt ratio. Thus the solvency position of the BSNL is very good. The telecommunications is a capital intensive industry and most of the telecom service providers have more debt

burden. But the debt burden of BSNL is very low when compare to other telecom operators in the country and also it is very low when compared with the total industry average⁸.

Debt - Equity Ratio: It is noticed that, in the entire period of the study the debt equity ratios are moved from 0.02 to 0.21. It shows a trend of much low debt equity ratios. It means that the BSNL has been much friendly in financing its growth with debt and more aggressive in financing its growth with equity. The average debt equity ratio is low at 0.11. This is an indication of improper debt equity management. As the BSNL is cent percent Government owned company, the government waiving the loan amount taken from the government. Thus the debt liability of BSNL abnormally declining and the proportionately equity has been increasing. During financial year 2013-14, the loan from the Government of India amounting to Rs.98, 318 lakh was waived off and adjusted against capital reserve under previous GAAP. Under Indian AS, since the shareholder has forgiven the debt, it is likely that the Government has acted in the capacity of a shareholder and therefore the forgiveness of debt should be treated as a capital transaction. Accordingly, the debt forgiven has been reclassified to other equity as on transition date amounting to Rs. 98,318 lakh. This has resulted in decrease in capital reserve amounting to Rs. 98,318 lakh and corresponding increase in other equity amounting to Rs.98,318 lakh as on transition date.

Interest Coverage Ratio: The interest coverage ratios of the BSNL for the year 2007-08 and 2008-09 are 6.16 and 3.87 respectively. It means that the BSNL having better financial health as the company is more capable of meeting its interest obligations from operating earnings in 2007-08 and 2008-09. From the year 2009-10 onwards the interest coverage ratios are negative moving from -5.25 in the year 2009-10 to -31.65 in the year 2016-17. The average interest coverage ratio is also negative with 16.60. This situation indicates that the ability to meet interest expenses may be questionable and it can be concluded that the BSNL is not generating sufficient revenues to satisfy interest expenses.

Proprietary Ratio: During the period of the study from the year 2007-08 to 2016-17, it is observed that the proprietary ratios are moved from 0.83 to 0.98 with an average of 0.90. It shows that the entire period of the study the BSNL having the proprietary ratio between 0.75 and less than 1. Therefore, it can be concluded that there are no outside liabilities to the BSNL and all the funds employed are those of BSNL shareholders. Thus this is the main cause for lower rate of dividend payable to the shareholders of BSNL in every year.

III. Activity Ratios

Activity ratios are concerned with measuring the efficiency in asset management. These ratios are also called efficiency ratios or asset utilization ratios. The efficiency with which the assets are used would be reflected in the speed and rapidly with which assets are converted in to sales. Turnover is the primary mode for measuring the extent of efficient employment of assets by relating the assets to sales. An activity ratio may, therefore be defined as a test of the relationship between sales (more appropriately with cost of sales) and the various assets of a firm. Depending upon the various types of assets, there are various types of activity ratios. The data related to important activity ratios of debtors' turnover, creditors turnover, net assets turnover and working capital turnover are shown in the Table - 3.

Table - 3: Activity Ratios of BSNL

Year	Debtors turnover ratio	Creditors Turnover ratio	Net Asset Turnover Ratio	Working capital turnover
2007-08	6.96	3.94	0.41	1.08
2008-09	7.59	3.36	0.39	1.12
2009-10	6.75	2.53	0.37	4.84
2010-11	4.69	2.53	0.37	-14.17
2011-12	7.05	2.73	0.34	8.26
2012-13	9.19	2.78	0.36	-9.39
2013-14	10.13	3.27	0.41	21.87
2014-15	12.31	3.39	0.56	-5.16
2015-16	12.59	4.37	0.64	28.24
2016-17	10.18	4.32	0.28	-9.06
Average	8.74	3.32	0.41	2.76

Source: Various issues of BSNL Annual Reports

Debtors Turnover Ratio: It is noticed that the debtors' turnover ratios are moved from the lowest of 4.69 in the year 2010-11 to the highest 12.59 in the year 2015-16 with an average of 8.74. In the year 2007-08,

⁸As per the reply dated 21-07-2017 submitted to the question of honorable Member of Parliament, Rajya Sabha, there is a total Debt of Rs.6,10,475 crores owed to different financial institutions and banks by the various telecom operators out of which BSNL has Rs.19,630 crores only having 3.22 percent of total debt of the industry.

the debtor turnover ratio is 6.96 and it was increased to 7.59 in the year 2008-09. Whereas the ratio was decreased by 10.97 percent and 30.54 percent in the year 2009-10 and 2010-11 respectively. There was an abnormal increase in the year 2011-12 by 50.27 percent. The upward trend was continued year after year up to 2015-16. But in the year 2016-17 the debtors turnover ratio is stood at 10.18 by decreasing 19.16 percent when compared with the its previous year 2015-16. As the average debtors turnover ratio is 8.74 which is considered good for the BSNL during the period under review. Therefore, it can be concluded that the BSNL collecting their receivables more frequently throughout the year.

Creditors Turnover Ratio: It is observed from the creditors' turnover ratios of the above table that, the creditors' turnover ratios are ranged from 2.53 in the year 2010-11 to 4.37 in the year 2015-16 during the period under review. It is also noticed that the ten years average of creditors turnover ratio is 3.32, which indicates that the BSNL enjoy the credit period in paying creditors. This situation enhance the credit worthiness of the organization. The creditors' turnover ratio is 3.94 in the year 2007-08 but it was declined by 14.59 percent and 24.81 percent in the year 2008-09 and 2009-10 respectively. It is noticed that there was no change in the creditors' turnover ratio in the year 2010-11. However this ratio was increased by 7.75 percent and stood at 2.73 in the year 2011-12. The same increasing trend was continued up to 2015-16 and the ratios ranged from 2.78 to 4.37. But there was a slight decline by 1.07 percent in the year 2016-17 and the ratio stood at 4.32.

Net Assets Turnover Ratio: The net assets turnover ratio of the BSNL is ranged from 0.28 to 0.64 with an average of 0.41. It means the BSNL is financing its net assets out of its own funds has the average ratio is 0.41. And the balance of own funds to the tune of 0.59 are used from working capital also. Hence, the stakeholders in this regard not favourable to the composition of financing the assets. In the year 2015-16, the net assets turnover ratio is much favourable at 0.64 when compared with the remaining all other years of the study period. It shows that 64 percent of the own funds of the BSNL financing its net assets and the remaining 36 percent are used for working capital. Similarly in the year 2014-15, 56 percent of own funds used for financing its fixed assets and remaining 44 percent used for working capital purpose. In all remaining years the funds were used less than 50 percent for financing its fixed assets and more than 50 percent funds used for its working capital purpose. Therefore it can be said that this is not a happy situation because the real assets created by the company purely out of internal accruals and surpluses will bring in considerable appreciation in the market value of these assets. Thereby the company will be in a not good position to tide over any extreme though unlikely, situation a future date.

Working Capital Turnover Ratio: It is noticed from the working capital turnover ratios of the table that the ratios are more volatile during the period of the ten years study. The highest working capital turnover ratio is 28.24 in the year 2015-16 which is increased by 647.19 percent when compared with its previous year 2014-15. As against this the lowest working capital turnover is -14.17 with the decrease of 392.73 percent in the year 2010-11. Therefore it can be concluded that the working capital turnover ratios are moved from the lowest of -14.17 to the highest of 28.24 during the period under review. Though there was a significant fluctuations the average working capital turnover is 2.76, which indicates a good sign for the effective utilization of working capital in the BSNL and it also indicates that the BSNL is actively generating sales from its working capital, which is a positive indicator of future prospects of the organisation.

IV. Profitability Ratios

The profitability reflects the final result of the business operations. Profit earning is considered essential for the survival of the business. There are two types of profitability ratios profit margin ratio and the rate of return ratios. Profit margin ratios shows the relationship between profit and sales. Popular profit margin ratios are gross profit margin and net profit margin ratio. Rate of return ratio reflects between profit and investment. The relevant data concern to return on assets and return on capital employed along with earnings per share is presented in the Table – 4.

Table – 4: Profitability Ratios of BSNL

Year	Return on Assets	Return on Capital Employed	Earnings Per Share (In Rs.)
2007-08	3.23	5.72	4.43
2008-09	0.62	1.85	1.15
2009-10	-2.04	-2.09	-3.65
2010-11	-7.64	-7.56	-12.77
2011-12	-10.94	-10.44	-17.7
2012-13	-10.06	-9.97	-15.77

2013-14	-9.77	-9.95	-14.04
2014-15	-13.77	-16.15	-16.47
2015-16	-7.56	-6.94	-7.76
2016-17	-5.87	-4.15	-9.59
Average	-6.38	-5.97	-9.22

Source: Various issues of BSNL Annual Reports.

Return on Assets: The return of assets ratios of the BSNL indicates that only in the year 2007-08, it was 3.23 percent, then after it was declined to 0.62 percent in the year 2008-09. Then after from the year 2009-10 onwards the return on assets ratios of the BSNL are negative moved from -2.04 to -13.77 with an average of -6.38. Therefore it can be concluded that almost in every year the BSNL incurring heavy losses due to over capitalization and underutilization of the existing assets.

Return of Capital Employed: The return on capital employed of the BSNL is good at 5.72 in the year 2007-08. Immediately in the year 2008-09 it was drastically declined by -67.68 percent. From the year 2009-10 onwards there was a continuous decline up to 2016-17. The average return on capital employed of BSNL registered at -5.97 during the period of the study. The return on capital employed ratios are moved from -2.09 percent in the year 2009-10 to -16.15 percent in the year 2014-15. Then after in the year 2015-16 there was an increase of 57.02 percent, however the ratio is -6.94 only. Similarly there was a growth of 40.16 in the year 2016-17 even though the return on capital employed in that year was -4.15. Therefore it is observed that from the year 2015-16 onwards the company trying to improve the return on capital employed slowly. There is urgent need for turning for return on capital employed from negative to positive and increase the return on capital employed ratio year after year otherwise the company would not survive successfully.

Earnings per Share: It is noticed that in the year 2007-08, the earning per share of the BSNL is 4.43. Then after in the year 2008-09 it was declined by 74.04 percent and stood at 1.15. From the year 2009-10 onwards the earning per share of BSNL has continuously declined year after year with -3.65 to -16.47 percent in the year 2014-15 with the increased growth rate. The average earning per share during the period of the study registered at -9.22 percent. It indicates that the poor profitability of the company. Thus, it is suggested that the BSNL has introduced the necessary measures for increasing its profit making capacity in the near future, otherwise it may not survive for a long run with this declined trend of EPS.

Conclusions:

The overall liquidity position of the BSNL is satisfactory during the entire period of the study. The solvency position of the BSNL is very good since its debt burden is low. The debt liability of BSNL abnormally declining and the proportionately equity has been increasing. It can be concluded that the BSNL is not generating sufficient revenues to satisfy interest expenses. It is also observed that the BSNL collecting their receivables more frequently throughout the year. The ten years average of creditors turnover ratio is 3.32, which indicates that the BSNL enjoy the credit period in paying creditors. This situation enhance the credit worthiness of the organization. The real assets created by the company purely out of internal accruals and surpluses will bring in considerable appreciation in the market value of these assets. BSNL is actively generating sales from its working capital, which is a positive indicator of future prospects of the organisation. Almost in every year the BSNL incurring heavy losses due to over capitalization and underutilization of the existing assets. It is noticed that from the year 2015-16 onwards the company trying to improve the return on capital employed slowly. There is a urgent need to turn for return on capital employed from negative to positive and increase the return on capital employed ratio year after year otherwise the company would not survive successfully. The average earning per share during the period of the study is negative. It indicates that the poor profitability of the company. Thus, it is suggested that the BSNL has to introduce the necessary measures for increasing its profit making capacity in the near future, otherwise it may not survive for a long run with this declined trend of EPS.

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