



**A STUDY ON FINANCIAL STATEMENT ANALYSIS WITH  
SPECIAL REFERENCE TO BSNL-TRICHY**

Submitted by

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## **BONAFIDE CERTIFICATE**

Certified that this project report titled “**A STUDY ON FINANCIAL STATEMENT ANALYSIS WITH SPECIAL REFERENCE TO BSNL, TRICHY.**” is the bonafide work of **MS.P.SOUNDARYA (RegNo:821918631025)** **ST.JOSEPH’S COLLEGE OF ENGINEERING AND TECHNOLOGY, THANJAVUR**, who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported here in does not form part of any other project report or dissertation on the basis of which a degree of award was conferred on an earlier occasion on this or any other candidate.

Faculty Guide

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Certified that the candidate was examined by us in the project Viva-Voce examination held on.....and his/her registration number is.....

**Internal Examiner**

**External Examiner**



*Connecting India*

**BHARAT SANCHAR NIGAM LIMITED**

(A GOVERNMENT OF INDIA ENTERPRISE)

**TRICHY TELECOM DISTRICT**

**BSN Learning**

**CERTIFICATE**

This is to certify that Ms.P.SOUNDARYA (Reg No: 821918631025) student of MBA Final Year, ST.JOSEPH'S COLLEGE OF ENGINEERING & TECHONOLOGY, Thanjavur has done the project in our organization for a period of 45 days from 03.01.2020 to 10-03-2020 and completed successfully.

The title of the project is "A Study on Financial Statement Analysis with Special Reference to BSNL, Trichy.

During this period, her conduct and character was good.

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## DECLARATION

I,P.SOUNDARYA a bonafide student of department of Management Studies , St. Joseph's College of Engineering and Technology-Thanjavur, would like to declare that the project titled **“A STUDY ON FINANCIAL STATEMENT ANALYSIS WITH SPECIAL REFERENCE TO BSNL, TRICHY.”** has done in partial fulfillment of **Master of Business Administration degree course of Anna University**, Chennai during the year 2019-2020. It is the record of original work done by me, under the guidance of **Mr.A.MANIKANDAN,BE.,MBA.,** Assistant professor Department of management studies .It is assured that this study have not been submitted to any University for the award of MB A degree.

Place:

SIGNATURE

Date:

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## **ABSTRACT**

This study entitled as a study of financial statement analysis of BHARAT SANCHAR NIGAM LIMITED(BSNL),TRICHY. The main objective of this study is to analysis the financial performance of the company and to know the status of their financial efficiency. Financial statement analysis is analysis of company strength and weakness. This analysis done by making comparison with past years. By this analysis company may know their improvement in every years. The main scope of this study is to take valuable economic decision. Analytical design used as research design for this project. This data collected by using secondary data collection method. Researcher has collected data from secondary sources such as websites and BHARAT SANCHAR NIGAM LIMITED(BSNL) company. Various financial tool also were used in this project such as working capital ratio, comparative financial statement and common size balance sheet. From this research it concluded that company need to concentrate on gross profit and make necessary steps to improving the gross profit. This can be done by decreasing cost of goods sold and increasing the sales volume. And also company needs to focus on concentrate on short term investment practices.

## TABLE OF CONTENT

CHAPTER	TITLE	PAGE NO.
	LIST OF TABLES	
	LIST OF CHARTS	
I	INTRODUCTION	1
II	REVIEW OF LITERATURE	30
III	RESEARCH METHODOLOGY	32
IV	DATA ANALYSIS AND INTERPRETATION	40
V	FINDINGS, SUGGESTION AND CONCLUSION	61
	BIBLIOGRAPHY	
	ANNEXURE	

## **LIST OF TABLES**

<b>TABLE NO.</b>	<b>TITLE</b>	<b>PAGE NO.</b>
4.1	CURRENT RATIO	40
4.2	QUICK RATIO	42
4.3	CASH POSITION RATIO	44
4.4	FIXED RATIO	46
4.5	GROSS WORKING CAPITAL RATIO	48
4.6	COMPARATIVE BALANCE SHEET IN THE YEAR 2014-2015	50
4.7	COMPARATIVE BALANCE SHEET IN THE YEAR 2015-2016	51
4.8	COMPARATIVE BALANCE SHEET IN THE YEAR 2016-2017	52
4.9	COMPARATIVE BALANCE SHEET IN THE YEAR 2017-2018	53
4.10	COMPARATIVE BALANCE SHEET IN THE YEAR 2018-2019	54
4.11	COMMON SIZE STATEMENT IN THE YEAR 2014-2015	55
4.12	COMMON SIZE STATEMENT IN THE YEAR 2015-2016	56
4.13	COMMON SIZE STATEMENT IN THE YEAR 2016-2017	57
4.14	COMMON SIZE STATEMENT IN THE YEAR 2017-2018	58
4.15	COMMON SIZE STATEMENT IN THE YEAR 2018-2019	59
4.16	TREND PROJECTION	60



## LIST OF CHART

<b>CHART NO</b>	<b>TITLE</b>	<b>PAGE NO</b>
4.1	CURRENT RATIO	41
4.2	LIQUID RATIO	43
4.3	CASH POSITION RATIO	45
4.4	FIXED RATIO	47
4.5	GROSS WORKING CAPITAL RATIO	49

# **CHAPTER-I**

## **1.1INTRODUCTION**

Financial statement analysis is a method of reviewing and analyzing a company's accounting reports (financial statement) in order to gauge its past, present or projected future performance. This process reviewing the financial statements allows for better economics decision making. These statements include the income statement, balance sheet, statement of cash flow, and a statement of change in equity. Financial statement (or financial reports) are formal records of the financial activities and position of a business, person, or other entity relevant financial information is a presented in a structured manner and typically include four basic financial statement accompanied by a management discussion and analysis.

### **MEANING**

The term 'financial statement' also known as analysis and interpretation of financial statements', refers to the process of determining financial strength and weakness of the firm by established between the items of the balance sheet, profit and loss account and other operative data. "analyzing financial statements," according to Metcalf and titled," is a process of evaluating the relationship between component parts of a financial statements to obtain a firm's position and performance."

### **OBJECTIVES**

- To assess the earning capacity or profitability of the firm.
- To assess the operational efficiency and managerial effectiveness.
- To assess the short term as well as long term solvency position of the firm.
- To identify the reasons for change in profitability and financial position of the firm.
- To make inter-firm comparison.
- To make forecasts about future prospects of the firm.
- To assess the progress of the firm over a period of time.
- To help in decision making and control.
- To guide or determine the divided action.

## **IMPORTANCE**

- Provide a comparison of an entity's financial performance over multiple periods; so that you can determine trends (see horizontal analysis). The statement may also reveal unusual spikes in the reported information that can indicate the presences of accounting errors.
- A comparison of expenses of revenues and the proportions of items on the balance sheet over multiple periods (see vertical analysis). This information can be useful for cost management purpose.
- May be useful for predicting future performance, though you should rely more on operational indicators and leading indicators that on historical performance for this type of analysis.

## **PARTIES**

- Investors or potential investors.
- Management.
- Creditors or suppliers.
- Bankers and financial institution.
- Employees.
- Government.
- Trade associations.
- Stock exchange.
- Taxation authorities.

## **TYPES**

- Working capital position analysis.
- Liquidity analysis.
- Return analysis.
- Profitability analysis.
- Activity analysis.

## **LONG TERM ANALYSIS**

- Profitability analysis,
- Capital structure analysis,
- Financial position,
- Future prospectus.

## **INTERNAL ANALYSIS**

Internal analysis is made by the top management executives with the help of management accounting. The finance and accounting department of the business concern have direct approach to all the relevant financial records. Such analysis emphasis on the overall performance of the business concern and assessing the profitability of various activities and operations. Financial statement analysis accounting to material used includes internal and external analysis. Financial statement analysis accounting to modus operandi includes horizontal and vertical and vertical analysis.

## **EXTERNAL ANALYSIS**

Shareholders as investors, banks, financial institutions, material suppliers, government department and tax authorities and the like are doing the external analysis. They are fully depending upon the published financial statement. The objective of analysis is varying from one party to another.

## **SHORT TERM ANALYSIS**

The short term analysis of financial statement of financial is primarily concerned with the working capital analysis so that a forecast may be made of the prospects for future earning, ability to pay interest, debt maturities-both current and long term and probability of a sound dividend policy. A business concern has enough funds in hand to needs and sufficient borrowing capacity meets its contingencies.

## **LONG TERM ANALYSIS**

There must be a minimum rate of return on investment. It is necessary for the growth and development of the company and to meet the cost of capital. Financial planning is also necessary for the continued success of a company. The fixed asset structure, leverage analysis, ownership pattern of securities and the like are made in the long term analysis.

## **HORIZONTAL ANALYSIS**

It is otherwise called as dynamic analysis. When financial statements for a number of years are viewed and analyzed, the analysis is called horizontal analysis. The preparation of comparative statement is an example of this type of analysis.

## **VERTICAL ANALYSIS**

It is otherwise called as static analysis. Under this type of analysis, the ratios are calculated from the balance sheet of one year and/or from the profit and loss account of one year. It is used for short term analysis only.

## **LIMITATIONS OF FINANCIAL STATEMENT ANALYSIS**

- Financial analysis is only a means.
- Ignores the prices level changes.
- Financial statements are essentially in trim reports.
- Accounting concepts and conventions.
- Influence of personal judgments.
- Disclose only monetary facts.

## **ADVANTAGE**

- It ultimately raises the easiness of the financial statement.
- Organization comparisons of different sizes and infrastructure of finance.
- Trend analysis can be done after this to compare one single company over a period of time.
- The numerical can judge the financial position of the company.

## **DISADVANTAGE**

- Balance sheet can give misleading if done without taking financial statement analysis case study assignment help.
- A specific time period basis do not describe the financial results of cash flow.
- Many fraud employees can use this for their self-interests.

## **PURPOSE**

- The reader about the ability of a business to generate a profit. In addition, it reveals the volume of sales, and the nature of the various types of expenses, depending upon how expenses information is aggregated. When reviewed over multiple time periods, the income statement can also be used to analyze trends in the results of company operations. The general purpose of the financial statement is to provide information about the results of operations, financial position, and cash flows of an organization. This information is used by the readers of financial statement to make decisions regarding the allocation of resources. At a more refined level, there is a different purpose associated with each of the financial statement.
- Credit decisions: lenders use the entire set of information in the financials to determine whether they should extend credit to a business, or restrict the amount of credit to a business, or restrict the amount of credit already extended.
- Investment decision: investors use the information to decide whether to invest, and the price per share at which they want to invest. An acquirer uses the information to develop a price at which to offer to buy a business.
- Taxation decision: government entities may tax a business based on its asset or income, and can derive this information from the financials.
- Union bargaining decision: A union can base its bargaining positions on perceived ability of a business to pay; this information can be gleaned from the financial statement.

## **USER**

There are different users of financial statement analysis. These can be classified into internal and external users refer to the management of the company who analyzes financial statement in order to make decisions relate to the operations of the company external users do not necessarily belong to the company but still hold some sort of financial interest. These

include owners, investors, creditors, government, employees, customers, general public. These users are elaborated on below:

➤ **Management**

The manager of the company uses their financial statement analysis to make intelligent decisions about their performance. For instance, they may gauge cost per distribution channel, or how much cash they have left, from their accounting reports and make decisions from these analysis results.

➤ **Owners**

Small business owners need financial information their operations determine whether the business is profitable. It helps in making decisions like whether to continue operating the business, whether to improve business strategies or business.

➤ **Investors**

People who have purchased or shares in a company need financial information to analyze the way the company is performing. They use financial statement analysis to determine what to do with their investment in the company. So depending on how the company is doing, they will hold onto their stock, sell it or buy more.

➤ **Creditors**

Creditors are interested in knowing if a company will be able to honor its payment. They use cash flow analysis of the company's accounting records to measure the company's liquidity, or its ability to make short-term payments.

➤ **Government**

Governing and regulating bodies of the state look at financial statement analysis to determine how the economy is performing in general so they can plan their financial and industrial policies. Tax authorities also analyze a company's statement to calculate the tax burden that the company has to pay.

➤ **Employees**

Employees need to know if their employment is secure and there is a possibility of a pay raise. They want to be abreast of their company's profitability and stability. Employers may also be interested in knowing the

company's financial position to see whether there may be plans for expansion and hence, career prospects for them.

➤ **Customer**

Customers' needs to know about the company to service its clients into the future. The need to know about the company's stability of operation is heightened if the customer(i.e. a distributor or procurer or specialized products) is dependent wholly on the company for its supplier.

➤ **General public**

Anyone in the general public, like students, analysis and researchers, may be interested in using a company's financial statement analysis. They may wish to evaluate the effects of the firm on the environment, or the company or even the local community. For instance, if the company is running corporate social responsibility programs for improving the community, the public may want to be aware of the future operations of the company.



## **1.2INDUSTRY PROFILE**

The telecom industry is one of the fastest growing industries in India. India has nearly 200 million telephone lines making it the third largest network in the world after china and USA. With a growth rate of 45%, Indian telecom industry has the highest growth rate in the world. History of Indian telecommunications started in 1851 when the first operational land lines were laid by the government near Calcutta (seat of British power). Telephone services were introduced in India in 1881. In 1883 telephone services were merged with the postal system.

Indian radio telegraph company (IRT) was framed in 1932. After independence in 1947, all the foreign telecommunication companies were nationalized to form the posts, telephone and telegraph (PTT), a monopoly run by the government's ministry of communications. Telecom sector was considered as a strategic service and the government considered it best to bring under state's control. The first wind the reforms in telecommunications sector began to flow in 1980s when the private sector was allowed in telecommunications equipment manufacturing.

In 1985, department of telecommunications (DOT) was established. It was an exclusive provider of domestic and long distance service that would be its own regulator (separate from the postal system). In 1986, two wholly government-owned companies were created: the videsh sanchar nigam limited (VSNL) for international telecommunications and mahanagar telephone nigam limited (MTNL) for service in metropolitan areas. In 1990s, telecommunications sector benefited from the general opening up of the economy.

Also, examples of telecom revolution in many other countries, which resulted in better quality of services and lower tariffs, led Indian policy makers to initiate a change process finally resulting in opening up of telecom services sector for the private sector. National telecom policy (NTP) 1994 was the first attempt to give a comprehensive roadmap for Indian telecommunications sector. In 1997, telecom regulatory authority of Indian (TRAI) was created. TRAI was formed to act a regulator to facilitate the growth of the telecom sector.

New national telecom policy was adopted in 1999 and cellular services were also launched in the same year. Telecommunication sector in India can be divided into two segments: fixed services provider (FSPs), and cellular services. Fixed line services consist of

basic services, national domestic long distance and international long distance services. The state operators (BSNL AND MTNL), account for almost 90 percent of revenues from basic services. Private sector services are presently available in selective urban areas, and collectively account for less than 5 percent of subscriptions.

However, private services focus on the business/corporate sector, and offer reliable, high – end services, such as leased lines, ISDN, closed user group and videoconferencing. Cellular services can be further divided into two categories: global system for mobile communications (GSM) and code division multiple access (CDMA). The GSM sector is dominated by Airtel, Vodafone – Hutch and Idea Cellular, while the CDMA sector is dominated by Reliance and Tata Indicom. Opening up of international and domestic long distance telephony services are the major growth drivers for cellular industry.

Cellular operators get substantial revenue from these services, and compensate them for reduction in tariffs on airtime, national long distance, international long distance, and handset prices has driven demand. AN ORGANIZATIONAL PROFILE OF BSNL adopt latest digital switching technology like OCB, EWSD, AXE-10, FETEX, NEC, etc and widespread transmission network including SDH system up to 80 gbps web telephony, DIAS, VPN broad band and more than 400000 data customers, BSNL continues to serve this great nation. India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone) with 1.053 billion subscribers as on 31 August 2016. It has one of the lowest call tariffs in the world enabled by the mega telephone operators and hyper-competition among them. It has the world's third-largest internet user-base with over 137 million as of June 2012. Major sector of the Indian telecommunication industry are telephony, internet and television broadcasting.

Telephone industry in the country which is in an ongoing process of transforming into next generation network, employs an extensive system of modern network elements such as digital telephone exchanges, mobile switching centers, media gateway and signaling gateways at the core, interconnected by a wide variety of transmission systems using fiber – optical or microwave radio relay networks. The access network, which connects the subscriber to the core, is highly diversified with different copper-pair, optic-fiber and wireless technologies. DTH, a relatively new broadcasting technology has attained significant popularity in the television segment. The introduction of private FM has given a fillip to the radio broadcasting in India. Telecommunication in India has greatly been supported by the

INSAT system of the country, one of the largest domestic satellite systems in the world. India possesses a diversified communications system, which links all parts of the country by telephone, internet, radio, television and satellite.

Indian telecom industry underwent a high pace of market liberalization and growth since 1990s and how has become the world's most competitive and one of the fastest growing telecom markets. The industry has grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 846 million subscribers in the year 2011. India has the world's second-largest mobile phone user base with over 929.37 million users as of May 2012. It has the world's third-largest internet user-base with over 137 million as of June 2012. The total revenue of the Indian telecom sector grew by 7% to 283,207 crore (US\$51.54 billion) for 2010-11 financial year, while revenues from telecom equipment segment stood at 117,039 crore (US\$21.3 billion) telecommunication has supported the socioeconomic development of Indian and has played a significant role to narrow down the rural-urban digital divide to some extent. It also has helped to increase the transparency of governance with the introduction of e-governance in India. The government has pragmatically used modern telecommunication facilities to deliver mass education programmes for the rural folk of India.

## **History**

### **The beginning**

Telecommunication in India began with the introducing of the telegraph. The Indian postal and telecom sector are one of the world's oldest. In 1850, the first experimental electric telegraph line was started between Calcutta and diamond harbor. In 1851, it was opened for the use of the British East Indian Company. The posts and telegraphs department occupied a small corner of the public works departments, at the time.

The construction of 4000 miles (6400 km) of telegraph lines was started in November 1853. These connected Kolkata (then Calcutta) and Peshawar in the north; Agra, Mumbai (then Bombay) through Sandra Ghats, and Chennai (then Madras) in the south; Ootacamund and Bangalore. William O'Shaughnessy, who pioneered the telegraph and telephone in India, belonged to the public works departments, and worked towards the development of telecom throughout this period. A separate department was opened in 1854 when telegraph facilities were opened to the public.

In 1880, two telephone companies namely the oriental telephone company ltd. The Anglo-Indian telephone company ltd. approached the government of India to establish telephone exchange in India. The permission was refused on the grounds that the establishment of telephone was government monopoly and that the government itself would undertake the work. In 1881, the government later reversed its earlier decision and a license was granted to the oriental telephone company limited of England for opening telephone exchanges at Calcutta, Bombay and Madras and Ahmedabad and the first formal telephone service was established in the country. On 28 January 1882, major E.Baring, member of the governor general of India's council declared open the telephone exchanges in Calcutta, Bombay and madras. The exchange in Calcutta named the "central exchange" had a total of 93 subscribers in its early stage. Later that year, Bombay also witnessed the opening of a telephone exchange.

### **Development of broadcasting**

Radio broadcasting was initiated in 1927 but became state responsibility only in 1930. In 1937 it was given the name all India radio and since 1957 it has been called Akashvani. Limited duration of television programming began in 1959, and complete broadcasting followed in 1965. The ministry of information and broadcasting owned and maintained the audio-visual apparatus including the television channel doordarshan in the country prior to the economic reforms of 1991. In 1997, an autonomous body was established in the name of prasar bharti act. All India radio and doordarshan, which earlier were working as media units under the ministry of I&B become constituents of the body.

### **Pre-liberalization statistics**

While all the major cities and towns in the country were linked with telephones during the British period, the total number of telephones in 1948 numbered only around 80,000. Post-independence, growth remained slow because the telephone was seen more as a status symbol rather than being an instrument of utility. The number of telephone grew leisurely to 980,000 in 1971, 2.15 million in 1981 and 5.07 million in 1991, the year economic reforms were initiated in the country.

## **Liberalization and privatization**

Liberalization of Indian telecommunication industry started in 1981 when prime minister India Gandhi signed contracts with Alcatel CIT of France to merge with the state owned telecom company (ITI), in an effort to set up 5,000,000 lines per year. But soon the policy was let down because of political opposition. Attempts to liberalise the telecommunication industry were continued by the following government under the prime-minister-ship of Rajiv Gandhi. He invited Sam Pitroda, a US –based non- resident India NRI and former Rockwell international executives to set up a center for development of telematics (C-DOT) this manufactured electronic telephone exchanges in India for the first time. Sam Pitroda had a significant role as a consultant and adviser in the development of telecommunication in India.

This was a gateway to many foreign investors to get entry into the Indian telecom markets. After March 2000, the government becomes more liberal in making policies and issuing licenses to private operators. The government further reduced license fees for cellular service providers and increased the allowable stake to 74% for foreign companies. Because of all these factors, the service fees finally reduced and the call costs were cut greatly enabling every common middle-class family in India to afford a cell phone. Nearly 32 million handsets were sold in India. The data reveals the real potential for growth of the Indian mobile market. Many private operators, such as Reliance Communication, Jio, Tata Indicom, Vodafone, Loop Mobile, Airtel, Idea etc., successfully entered the high potential Indian telecom markets.

In March 2008 the total GSM and CDMA mobile subscriber base in the country was 375 million, which represented a nearly 50% growth when compared with previous year. As the unbranded Chinese cell phone which do not have international mobile equipment identity (IMEI) numbers pose a serious security risk to the country, mobile network operators therefore suspended the usage of around 30 million mobile phones (about 8% of all mobiles in the country) by 30 April. Phones without valid IMEI cannot be connected to cellular operators. 5-6 years the average monthly subscribers addition were around 0.05 to 0.1 million only and the total mobile subscribers base in December 2002 stood at 10.5 million. However, after a number of proactive initiatives taken by regulators and licensors, the total number of mobile subscribers has increased rapidly to over 929 million subscribers as May 2012.

India has opted for the use of both the GSM (global system for mobile communications) and CDMA (code – division multiple access) technologies in the mobile sector. In addition to landline and mobile phones, some of the companies also provide the WLL service. The mobile tariffs in India have also become the lowest in the world. A new mobile connection can be activated with a monthly commitment of US\$ 0.15 only. In 2005 alone additions increased to around 2 million per month in 2003-04 and 2004-05.

## **Telephony**

### **Market share of mobile network operators as on 1 March 2016**

- Airtel : 256.8 million (22.6%)
- Vodafone : 99.7 million (17.6%)
- Idea : 176.49 million (15.5%)
- Jio : 105 million (9.2%)
- Reliance com : 95.46 million (8.4%)
- BSNL : 90.71 million (8.0%)
- Aircel : 89.33 million (7.9%)
- Tata Docomo : 58.67 million (5.2%)

### **Wired telephony market share as on 31 July 2016**

- BSNL : 14.04 million (57.1%)
- MTNL : 3.47 million (14.1%)
- Airtel : 3.75 million (15.3%)
- RCom : 1.17 million (4.8%)
- Tata docomo : 1.73 million (7.0%)
- Others : 0.42 million (1.7%)

The telephony segment is dominated by private – sector and two state-run businesses. Most companies were formed by a recent revolution and restructuring launched within a decade, directed by ministry of communication and IT, department of telecommunication and minister of finance. Since then, most companies gained 2G, 3G and 4G licenses and engaged fixed-line, mobile and internet business in India. On landlines, intra-circle calls are considered local calls while inter-circle are considered long distance calls. Foreign direct

investment policy which increased the foreign ownership cap from 49% to 74%. Now it is 100%. The government is working to integrate the whole country in one telecom circle. For long distance calls, the area code prefixed with a zero is dialed first which is then followed by the number (i.e., to call Delhi, 001 would be dialed first followed by the phone number). For international calls, "00" must be dialed first followed by the country code, area code, and local code number. The country code for India is 91. Several international fiber-optic linked include those to Japan, South Korea, Hong Kong, Russia, and Germany. Some major telecom operators in India include airtel, Vodafone, idea, aircel, BSNL, MTNL, reliance communications, TATA teleservices, infidel, MTS, Uninor, TATA docomo, Videocon, Augare and Tacoma digital.

## **Landline**

Hitherto the telecom policy was announced in 1999, only the government-owned BSNL and MTNL were allowed to provide land-line phone service through copper wire in India with MTNL operating in Delhi and Mumbai and BSNL servicing all other areas of the country. Due to the rabid growth of the cellular phone industry in India, landlines are facing stiff competition from cellular operators. This has forced land-line service providers to become more efficient and improve their quality of service. Land-line connections are now also available on demand, even in density urban areas. India has over 31 million main line customers.

## **Mobile telephony**

Typical signboards of STD booths (kiosks from where STD calls can be made) and internet kiosks in India.

In August 1995, then chief minister of west Bengal, Jyoti base made the first mobile phone call in India to then union telecom minister sukhram sixteen years later 4<sup>th</sup> generation services were launched in Kolkata.

With a subscriber base of more than 929 million, the mobile telecommunications system in India is the second largest in the world and it was thrown open to private players in the 1990s. GSM was comfortably maintaining its position as the dominant mobile technology with 80% of the mobile subscriber market, but CDMA seemed to have stabilized its market share at 20% for the time being. By May 2012 the country had 929 million subscribers, up

from 350 million just 40 months earlier. The mobile market was continuing to expand at an annual rate in excess of 40% coming into 2010.

The country is divided into multiple zones, called circles (roughly along state boundaries). Government and several private players run local and long distance telephone services. Competition has caused prices to drop and calls across India are one the cheapest in the world. The rates are supposed to go down further with new measures to be taken by the information ministry. Call drop fine: Telcos warn of raising tariff. In September 2004, the number of mobile phone connections crossed the number of fixed-line connections and presently the wire line segment by a ratio of around 20:1. The mobile subscriber base has grown by a factor of over a hundred and thirty, from 5 million subscribers in 2001 to over 929 million subscribers as of May 2012. India primarily follows the GSM mobile system, in the 900 MHz band. Recent operators also operate in the 1800 MHz band. The dominant players are airtel, reliance infocom, Vodafone, idea cellular and BSNL/MTNL. There are many smaller players, with operation in only a few states. International roaming agreements exist between most operators and many foreign carriers. The government allowed mobile number portability (MNP) which enables mobile telephone users to retain their mobile network operator to another.

## **Internet**

The history of the internet in India started with launch of services by BSNL on august 1995. They were able to add about 10,000 internet users within 6 months. However, for next 10 years the internet experience in the country remained less attractive with narrow-band connection having speeds less than 56 kbit/s (dial-up). In 2004, the government formulated its broadband policy which defined broadband policy which defined broadband as “an always-on internet connection with download speed of 256 kbit/s or above. “From 2005 onward the growth of the broadband sector in the country accelerated, but remained below the growth estimates of the government and related agencies due to resource issues in last-mile access which were predominantly wired-line technologies. This bottleneck was removed in 2010 when government auctioned 3G spectrum followed by an equally high-profile auction of 4G spectrum that set the scene for a competitive and invigorated wireless broadband market. Now internet access in India is provide by both public and private companies using a variety of technologies and media including dial-up (PSTN), XDSL, coaxial cable, Ethernet, FTTH, ISDN, HSDPA(3G), Wi-Fi, Wi MAX, etc. at a wide range of



speed and costs. As per IAMAI India will have the world's second largest number of internet users with over 300 million by December 2014.

## **Revenue and growth**

However doubts have been raised about what mean for the poor in the country. It is difficult to ascertain fully the employment potential of telecom sector but the enormity of the opportunities can be gauged from the fact that there were 3.7 million public call offices in December 2005 million in December 2004.

The total revenue of telecom services company is likely to exceed 2000 billion (US \$ 31 billion) (US \$ 44 billion approx) for FY 11-12 based on FY 10-11 non and latest.

These are consolidated numbers including foreign operation of Bharti Airtel. The major contribution to this revenue is as follows.

- Airtel 65,060 (US \$ 1000)
- Reliance communication 31,468 (US \$ 490)
- Idea 16,936 (US \$ 260)
- BSNL 32,045 (US \$ 500)
- Vodafone India 18,376 (US \$ 290)
- Tata teleservices 9,200 (US \$140)
- Aircel 7,968 (US \$ 120)
- Uninor 660 (US \$ 10)

## **International**

Nine satellite earth stations – 8 Intelsat (Indian ocean) and I Inmarsat (Indian ocean region)

Nine gateway exchange operating from Mumbai, new Delhi, Kolkata, Chennai, Jalandhar, Kanpur, gandhingar, Hyderabad and Ernakulum.

## 1.3COMPANY PROFILE

<b>Type</b>	Stated owned organization
<b>Industry</b>	Telecommunications
<b>Founded</b>	1 october 2000;
<b>Headquarter</b>	New delhi, India
<b>Area served</b>	India
<b>Key people</b>	Pravin kumar purwar (chairman&MD)
<b>Revenue</b>	19,308 crore (US\$2.7 billion)(FY 2019)
<b>Operating income</b>	14,000.00 crore (US\$-2.0 billion) (FY2019)
<b>Net income</b>	3,879.92 crore (US\$540 billion) (FY 2019)
<b>Total asset</b>	70,746.75 crore (US\$9.9 billion) (FY 2019)
<b>Owner</b>	Government of India (100%)
<b>Number of employees</b>	70,216 appx(2019)
<b>Division</b>	BSNL mobile ,BSNL broadband, BSNL landline
<b>Subsidiaries</b>	BSNL towers limited Mahanagar telephone nigram limited
<b>Members</b>	121.00 million (November 2019)
<b>website</b>	<a href="http://www.bsnl.co.in">www.bsnl.co.in</a>

Bharat sanchar nigram limited (BSNL)

Type	:	communication service provider
Availability	:	countrywide except Delhi & Mumbai
Owner	:	the government of India
		S.D saxena (CFO); kul deep
Key people	:	Goyal (CEO)
Founded	:	19 <sup>th</sup> century, incorporated 2000
Website	:	<a href="http://www.bsnl.co.in">www.bsnl.co.in</a>

Bharat sanchar nigam limited (BSNL) is an Indian state-owned telecommunication company headquarters in New Delhi, India. It was incorporated on 15<sup>th</sup> September 2000. It took over the business of providing of telecom service and network management from the erstwhile central government department of telecom service (DTS) and telecom operations (DTO), with effect from 1 October 2000 on a going concern basis. It is the largest provider of fixed telephony and broadband services with more than 60% market share and sixth largest mobile telephony provider in India. However, in recent year the company's revenues and market share have plummeted in to heavy losses due to intense competition in the Indian telecommunication sector.

BSNL has installed quality telecom network in the country & now focusing on improving it, expanding the network, introducing new telecom services with ICT application in village & winning customer's confidence. Today, it has about 36.42 million line basic telephone capacity, 7.13 million WLL capacity, 9596 million GSM capacity, 34,727 fixed exchanges, 1,17,090 GSM BSTs, 9,594 CDMA tower, 102 satellite station, 7,73,976 Rkm of OFC, 4,751 Rkm of microwave network connecting 646 districts, 4519 cities/towns & 6.25 lakhs villages.

BSNL is one of major service provider in its license area. The company offers wide ranging & most transparent traffic schemes designs to suit every customer. BSNL has 94.36 million cellular & 1.02 million WLL customers as on 31.10.2016. 3G facility has been given to all 2G connections of BSNL. In the basic services, BSNL is miles ahead of its rivals, with 13.88 million wire line phone subscribers i.e. 56.96% share of the wire line subscriber base.

BSNL has set up a world class multi-gigabit, multi-protocol convergent IP infrastructure that provides convergent service like voice, data & video through the same backbone & broadband access network. At present there are 21.86 million broadband customers including both wire line & wireless broadband.

The company has vast experience in planning, installing, network integration & maintenance of switching & transmission network & also has a world class ISO 9000 certified telecom training institute. During the 2015 – 2016, turnover of BSNL around Rs.32,919 crore.

## HISTORY

The BSNL then known as the department of telecommunication had been a near monopoly during the socialist period of the Indian 78 economy. During this period, DoT was the only telecom service provider in the country. MTNL was present only in Mumbai and New Delhi. During this period the DoT operated as a typical state-run organization, inefficient, slow, bureaucratic, and heavily unionized. As a result subscribers had to wait for as long as five years to get a telephone connection the corporation tasted competition for the first time after the liberalization of Indian economy in 1991. Faced with stiff competition from the private telecom service providers, it has subsequently tried to increase efficiencies itself. The DoT veterans, however, put the onus for the sorry state of affairs on the government policies, wherein all state owned service providers were required to function as mediums for achieving egalitarian growth across all segments of the society. The DoT, however, failed to achieve egalitarian growth across all segments of the society. The DoT, however, failed to achieve this and Indian languished among the most poorly connected countries in the world. So, the BSNL was born in 2000 after the corporatization of DoT.

The corporatization of BSNL was undertaken by an external international consulting team consisting of a consortium of A.F.Ferguson & co, JB dadachanji and NM Rothschild- and was probably the most complex corporatization. Exercise of its kind ever attempted anywhere because of the quantum of assets (said to be worth USD 50 billion in terms of breakup value) and over half a million directly and indirectly employed staff.

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The corporation remains heavily unionized and is comparatively slow in decision making and its implementation, which largely acts at the instances of unions without bothering about outcome. Management has been reactive to the schemes of private telecom players. Though it offers services at lowest tariffs, the private players continue to notch up better number in all areas, year after year. BSNL has been providing connections in both urban and rural areas. Pre-activated mobile connections are available at many places across India. BSNL has also unveiled cost-effective broadband internet access plans (data one) targeted at homes and small business. At present BSNL enjoys around 60% of market share of ISP services. The BSNL is a pioneer of rural telephony in India. BSNL has recently bagged 80% of US 580m (INR 2,500 crores) rural telephony project of government of India. On 20 March 2009 the BSNL advertised the launch of black berry services across its telecom circle in India. The corporation has also launched 3G services in select cities across the country. Presently, the BSNL and MTNL are the only players to provide 3G services, as the government of India has completed auction of 3G services for private players.

The BSNL, shall get 3G bandwidth at lowest bidder prices of Rs. 18,500 crore, which includes Rs. 10,186 crore for 3G and Rs. 8313 crore for BWA. 80 as of December 2011, many other private operators have started rolling out their 3<sup>rd</sup> generation (3G) services alongside and are enjoying some success in their campaigns to get market share. While the BSNL still maintains its connectivity standard and expands many more area including rural

areas with their 3G services. Also the network infrastructure has been upgraded from to provide 3.6 Mbit/s to 702 MBits/sec. it is enjoying a slow but somewhat steady success in gaining market share this regard. The introduction of MNP (mobile number portability) which is a service that lets the customer change wireless service providers while retaining their actual mobile number, BSNL has seen many customers opting for this service to move away from the services of other operators. Despite this as the Indian wireless market grows the BSNL still has a loyal base of subscribers and many more subscribers being added to it every day.

This provides customer services for 95 million as to June 2011. A, who led the team later, confessed that one big mistake made by the consortium was to recommend the continuation of the state and circle based geographical units which may have killed the synergies across regions and may have actually made the organization less efficient than had it been a seamless national organization. Vinod vaish, then chairman of the telecom commission made a very bold decision to promote younger talent from within the organization to take up a 79 leadership role and promoted the older leader to a role in licensing rather than in managing the operations of BSNL. The efficiency of the company has since improved; however, the performance level is nowhere near the private players. The corporation remains heavily unionized and is comparatively slow in decision making and its implementation, which largely acts at the instances of unions without bothering about income. Management has been reactive to the scheme of private telecom players. Though it offers services at lowest traffic, the private players continue to notch up better number in all area, year after year. BSNL has been providing connections in both urban and rural areas. Pre-activated mobile connections are available at many places across India. BSNL has also unveiled cost-effective broadband internet access plans (data one) targeted at homes and small businesses. At present BSNL enjoys around 60% market share of ISP services. The BSNL is a pensioner of rural telephony project of government of India. On 20 March 2009 the BSNL advertised the launch of black berry services across its telecom circles in India. The corporation has also launched 3G services, as the government of India has completed auction of 3G services for private players.

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## EVOLUTION OF BSNL

In India, the post and telegraph department originated in 1851 as a small part of the public works department. Dr. William Shaughnessy pioneered telephone and telegraph in India. A regular separate department was opened around 1854 when telegraph facilities were thrown open to the public. The major milestones of the organization are as shown below:

1851	First operational land lines were laid by the government near Kolkata
1881	Telephone service introduction in India
1923	Formation of Indian radio telegraph company
1932	Merger of ETC and IRT into the Indian radio and cable communication (IRCC)
1947	Nationalized of all foreign telecommunication companies to form the posts, telephone and telegraph (PTT)
1985	Department of Tele communication (DOT) established and exclusively provided of domestic and long distance service that would be its own regulator (supplied from postal system)
1986	Conversion of telecommunication DOT into two wholly government owned companies: the video sanchar nigram limited (VSNL) for international telecommunication and mahanagar telephone nigram limited (MTNL) for service in metropolitan area.
1997	Telecom regulatory authority of India (TRAI)
1999	Cellular services are launched in India. New national telecom policies are adopted.
2000	DOT becomes a corporation, BSNL
2001	Policy announced for additional license in basic and mobile service.
2002	BSNL enters into GSM cellular operation.

2003	Unified access (basic and cellular) service license (USAL) introduced as a first step towards unified license regime.
2004	License fee reduced by 2% across the board for the entire access.
2005	Introduced broadband in the country.
2006	BSNL launched free linguistic email address to empower 89.54 million customer
2007	Face book express Wi-Fi gets a major push in India through BSNL bank haul partnership.
2008	BSNL revises the plan & STV denomination for CDMA subscribers pan-India.
2009	BSNL connects up east with special festival offers
2010	Introduction centime up plus plan 375, offers 250 free call per month
2011	BSNL lifting free voice call servicers
2012	BSNL smart phone services.
2013	The use to storages spaces in the cell services.
2014	The usages of android phone were launched.
2015	2G network was launched by BSNL company.
2016	3G network launched all sim care card use.
2017	4G network and 3 month offer all festival season.

## VISION

- Be the leading telecom provider in India with global presence.
- Create customer focused organization with excellence in customers care, sale and marketing.
- Leverage technology to provide affordable and innovative telecom. Services/products across customer segments.

## MISSION

- Generating value for all stakeholders-employee, shareholders, vendors and business associates.
- Maximizing return on existing assets with sustained focus on probability.
- To explore international markets for global present.



- Excellence in customer service- “friendly, reliable, time bound convenient and courteous service”.
- Enhancing employee’s skills and utilizing them effectively.
- Changing policies and processes to enable transparent, quick and efficient decision making.

## **OBJECTIVES**

- To be the leading telecom service provider by achieving higher rates of growth so as to become a profitable enterprise.
- To provide quality and reliable fixed telecom service to our customer and thereby increase customers confidence.
- To provide customer friendly mobile telephone service of high quality and play a leading role as GSM operator in its area of operation.
- Strategy.
- Rightsizing the manpower.
- Providing greater customer satisfaction.

## **SERVICES**

BSNL is a major provider of GSM cellular mobile service under the brand name cell one. BSNL provides complete telecom service solution to enterprise customers including MPLS, P2P and internet lease lines. It provides fixed line service and landline using CDMA technology and its extensive optical fiber network. BSNL provides internet access services through dial-up connection as prepaid.

BSNL offers value-added services, such as free phone service (FPH), India telephone card (prepaid card), account card calling (ACC), Virtual private network (VPN), Tele-voting, premium rate service (PRM), universal access number (UAN), BSNL also offers the IPTV which enables customers to watch television through internet and voice and video over internet protocol (VVOIP).

BSNL announced the discontinuation of its telegram service from 15 July 2013, after 160 years in service. It was opened to the public in February 1855; it was upgraded to a web-based messaging system in 2010, through 182 telegraph offices across India.

## **MAIN IN SERVICES BEING PROVIDED BY BSNL**

BSNL provides almost every telecom service, however following are the main telecom services being provided by BSNL in India.

- Universal telecom services.

## **CELLULAR MOBILE TELEPHONE SERVICES**

BSNL is a major provider of cellular mobile telephone using GSM platform under brand name cell one. Pre-paid cellular services of BSNL are known as excel.

## **INTERNET**

BSNL is providing internet as dial-up connection and ADSL broadband data one. BSNL has around 50% market share in broadband in Indian. BSNL has network (VPN), Tele-voting, Universal access number (UAN).

## **INTELLIGENT NETWORK**

BSNL offer value-added services, such as free phone services (FPS), India Telephone Card (prepaid card), account card calling (ACC), virtual private network (VPN), Tele-voting, universal access number (UAN).

## **3G**

BSNL offers '3G' or the '3<sup>rd</sup> generation' service which includes facilities like video calling, mobile broadband, live TV, 3G video portal, streaming services and video on demand etc.

## **WIMAX**

BSNL has introduced India's first 4<sup>th</sup> generation high speed wireless broadband access technology with the minimum speed of 256 kbits/s. the focus of this service is mainly rural customer where the wired broadband facility is not available.

## **IPTV**

BSNL also offers the 'internet protocol television' facility which enables customers to watch television through internet.

## **FITH**

- Fiber to the home facility that offers a higher bandwidth
- For data transfer. This idea was proposed on post – December 2009

## **HELPDESH**

The BSNL's help (helpdesk) provide help desk support to their customers for their services.

## **VVOIP**

The BSNL, along with said info system – information and communication technologies (ICTs) provider – has launched voice and video over internet protocol (VVOIP).this will allow to make audio as well as video calls to any landline, mobile or IP phone anywhere in the world, provided that the requisite video phone equipment is available at both ends.

## **CHALLENGES**

During the financial year 2008 – 09 (from April 1, 2008 to March 31, 2009) the BSNL has added 8.1 million new customers in various telephone services taking its customer base to 75.9 million. BSNL's nearest competitor Bharati Airtel is standing at a customer base of 62.3 million.

However, despite impressive growth by BSNL in recent times, the fixed line customer base of the BSNL is declining.

In order to back its fixed-line customers the BSNL has brought down long distance calling rate under one India plan, however, the success of the scheme is not known. However, BSNL faces bleak fiscal 2009 – 2010 as users flee. Presently there is an intense competition in Indian telecom sector and various telecom companies are rolling out attractive schemes and are providing good customer services. But situation as on 2012 the BSNL will be third largest operator (service) and No 1 access operator among country.

As TRAI report 2011- 12, the BSNL became most trustworthy brand due to its loyalty towards customers and its rule. Access deficit charges (ADC, a levy being paid by the private operator to the BSNL for provide service in non-lucrative area especially rural areas) has

been slashed by 20% by TRAI, April 1, 2009. The reduction in ADC may hit the bottom lines of the BSNL. The BSNL has started 3G services in 290 cities and acquired more than 6 lakh customers. It has planned to roll out 3G services in 760 cities across the country in 2010 – 11. According to users and big sources the BSNL's 3G data speed is much higher than other operator and also it is competitively cheap.

## **COMPETITORS**

The BSNL competes with 14 other mobile operators through India. They are Aircel, Airtel, Idea, Loop Mobile, MTNL, MTS, reliance communication, Tata DoCoMo, Uninor, Videocon, virgin mobile and Vodafone.

## **QUALITY OF SERVICE**

The BSNL goes by the moto "connecting India, faster" and displays the same at their homepage. The service quality of BSNL customer service has been severely criticized as very poor. The mobile services provided by BSNL in almost every part of the country were and still are criticized for network outages and frequent call drops. Despite the criticism there is very negligible or no amount of work being carried out by the authorities to improve the performance and quality of the network. BSNL claimed to offer seamless coverage in almost all forest of India in collaboration with state forest department.

## **PROFILE OF LANDLINE CONNECTION OF THE BSNL**

In India landline service is firstly run by BSNL/MTNL and after there are several other private players too, such as Airtel, reliance infocum, Tata teleervices and touchtel. Landlines are facing stiff competition from mobile telephones. The competition has forced the landline services to become more efficient. The landline network quality has improved and landline connections are now usually available on demand, even in high density urban areas.

## **FLPP (FIXED LINE PRE-PAID TELEPHONE)**

FLPP (fixed line pre-paid) service enables a subscriber to make calls from a prepaid account linked to his telephone number. Unlike the prepaid card 'ITC' services, where the authentication is done every time through a 16 – digit PIN the authentication of FLPP is

linked to his telephone line & the user is not required to dial the account number/PIN for authentication making it simpler to use.

## **FIXED LINE PREPAID SERVICE OFFERS THE FOLLOWING FEATURES**

- Conversion of fixed line to pre-paid and gets rid of telephone bills.
- Easy de-linking from telephone line when prepaid is not required on any number.
- No need to dial account number/PIN every time you make a call.
- STD/ISD facility.
- On line balance enquiry.
- ‘Follow on feature’ on no reply, busy and called party release to dial another number of subscribers other than PCO.
- Easy recharge and no problem of bills.
- Free level 1 service like 100, 101, 102 etc. available.
- Free level 1 IN services which are free to end-customer like free phone etc. are available.

## **THERE CAN BE FOUR TYPES OF FLPP ACCOUNTS NAMELY**

- PCO FLPP Account
- PCO Local FLPP Account
- General FLPP prepaid account and
- General FLPP prepaid + post-paid account

## **PROCEDURE FOR REGISTRATION**

- The standard application form prescribed for new telephone connection can be obtained free of cost from any of the designated offices of the BSNL or the customer service centers, located anywhere in the country. Photocopies of these forms as well as downloaded copies from the internet are also accepted.
- The completed applications along with the demand draft may be given by hand in the office of the GM/TDM/TDE/SDE for registration.

The completed application form may also be sent by registered post along with demand draft for requisite amount towards registration fee drawn in the name of designated authority,

in the office of GM/TDM/TDR/SDE under whose jurisdiction the telephone connection is required.

## **OTHER UNITS**

- Telecom stores.
- Telecom electrical wing.
- Telecom civil wing.
- Product mix line.
- BSNL landline.
- Postpaid.
- Prepaid.
- GPRS
- BSNL mobile.
- Internet service
- Broadband
- WI FI
- Dial up internet
- ISDN
- Intelligent NETWORK
- Video conferencing
- Leased line
- Transponder
- Technology improvement
- BSNL has introduced new value added services to existing customer as well as potential customers.
- Company has adopted effective marketing strategies to gain marketing leadership.
- BSNL is for wading steps in a variety of scheme for both subscribers commercial residential.
- Technology up gradation of network.

## CHAPTER-II

### 2.1REVIEW OF LITERATURE

**Ahindrachakrabati published an articles (2018)** performance of public sector enterprises a case study on fertilizers” in ‘the Indian journal of public enterprise’ in the year 1988-89. He made analysis of consumption and production of fertilizer by public sector; he also made analysis of profit and loss statement. He gave suggestion to improve the overall performance of public enterprise, he advised to do comparative financial statement techniques.

**According to diamond (2017),** all watchful business owners have an innate sense of how well their business is doing. Almost without thinking about it, these business owners can tell you any time during the month how close they are to butting budgeted figures. Certainly, cash in bank plays a part, but its more than that. Helpful is the now time review of financial statement. They are three types of financial statement. Each will give important information about how efficiency and effective the business is operation. Comparative income statement, comparative balance sheet and comparative statement which interprets the quantitative data’s of a company’s performance.

**Dr. promodkumar published a book in (2016)** analysis of financial statement of Indian industries” the study covered the 17 private sector, 5 state owned public sector and 1 central public sector companies. He studied analysis of activities, assessment of profitability, return on capital investment, analysis of financial of financial structure, analysis of fixed asset and working capital done through comparative statement.

**Kennedy and muller (2015)** in the research article on financial performance he has pointed that the analysis and inferences/interpretation of financial statement are an attempt to determine the significance and meaning of financial statement data so that the forecast may be made of the prospects for future earning, ability to pay interest and debt maturates (both current and long term) and profitability and sound dividend policy.

**Elizabeth Duncan and Elliott (2014)** in the research article on financial performance he has pointed that he had stated that the paper in the title of efficiency, customer service and financing performance among Australian financial institutions showed that all financial

performance measures as interest margin, return on asset, and capital adequacy are positively correlated with customer service quality scores.

**Drsanjaibhayani published a book in (2013)**, practical financial statement analysis” the study covered 16 public limited cement companies in private sector. He made study of analysis of profitability, working capital, capital structure and activity of Indian cement industry. In his research he revealed various problems of cement industries and suggested remedies for the problems. He also suggested for improvement of profitability and techniques of cost control.

**Drake (2012)**, financial statement analysis is the selection, evaluation, and interpretation of financial data, along with other pertinent information, to assist in investment and financial decision-making. Moreover, it is also the process of identifying financial strengths and weakness of the firm by properly establishing relationship between the items of the balance sheet and the profit and loss account (accounting for management website).

**Singh A.B., tendon p. (2011)** examined the financial performance of **SBI** and **ICICI** bank, public sector and private sector respectively. And it examined the comparative income and balance sheet between SBI and ICICI. By using these techniques the study found that SBI is performing well and financially sound than ICICI bank but in context of deposit and expenditure ICICI bank has better managing efficiency than SBI.

**Helford, 2010. Meanwhile**, the income statement reflects of management’s operating decision on business performance and the resulting accounting profit or loss for the owners of the business or operating statement displays the revenues recognized for a specific period, and the costs and expenses charged against these revenues.

**Gautama, U.S.(2010)** accountancy (p#215) comparative financial statement is generally explained as financial information which is the information relating to financial position of any firm in a capsule form to maximize their profits, so traditionally the firm performance is evaluated based on profits, reflected in the profit and loss account. The income gives a retrospective view of the operations that influenced the financial position of any firm.



## **CHAPTER – III**

### **RESEARCH METHODOLOGY**

#### **MEANING OF RESEARCH**

Research is a systematic activity to achieve the truth. It includes the identification of study area, the procedure for coasting data, analyzing the data and finding the conclusion or truth based upon the scientific procedure. Research in common parlance refers to a search for knowledge.

Research is defined as logical and systematized application of the fundamentals of science and scientific techniques which provide precise tools, specific procedure and techniques to the general and overall questions of the study, rather than philosophical means for getting and ordering the data prior to their logic and manipulation.

#### **RESEARCH METHODOLOGY**

The process used to collect information and data for the purpose of making business decision. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information.

#### **RESEARCH DESIGN**

Research design adopted for the study is analytical in nature, in which analytical research is defined, ‘the overall strategy that you choose to integrate the different components of the study in a coherent logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data,’

#### **SOURCE OF DATA COLLECTION**

The data used for the research were collected by the following source.

## **SECONDARY DATA**

For collection the secondary data, historical stock prices are taken from websites, theoretical concepts from journals, magazines and books used.

## **OBJECTIVES OF THE STUDY**

- To study and analyse the financial performance of Bharat Sanchar Nigam Limited, Thiruchirappalli.
- To study the increase and decrease in income and expenses in absolute terms and in percentages to analyse the charges of assets and liabilities.
- To know the profitability position of the company.
- To measure the financial strength of the company.
- To review the previous study of financial statement analysis. To offer a valuable suggestion.

## **SCOPE OF THE STUDY**

The following are the scope of the study

- The study reveals the financial performance of Bharat Sanchar Nigam Limited, Thiruchirappalli.
- Comparative balance sheets are used in assessing the financial position of the company.
- To settle the organization funds through proper administration, legal advice and proper accounting records.
- To organize funds from different sources like banks, investment companies and financial institutions.
- The purpose of financial performance is to diagnose the financial soundness of the company.

## **STATEMENT OF THE PROBLEM**

The era of globalization modern free market economy introduce a window of chit fund acidity that has huge impact on any counties trade and overall development. To complete the process of chit fund or trading financial intermediaries and institution act like as sefegeteway between two sides. Now therefore chit fund has to manage large volume transaction. Industry related stakeholder need to know about the financial performance of the chit fund. To analyses financial performance ratio analysis, profit is the most logical way to show the chit fund service organization financial position. So this study has conduct to expose restriction of the function area and process of financial performance through ratio analysis of bharat sanchar nigam limited, tiruchirapalli by comparing its past year balance sheet, income statement and cash flow by generating ratio that conduct how much financial stability can be achieve. A general belief is that firm's financial performance depends on certain key financial factors i. e. turnover, profit and the variables which are found in the balance sheet of a firm, have a direct and indirect relation with each other. By establishing a cloth relationship between the variables, a firm can analyze its financial performance in terms of liquidity, profitability and viability (M.S.Ramaratnam& R.Jaraman, 2010). The problem statement is "to analysis the financial performance of bharat sanchar nigam limited, tiruchirappalli using financial statement analysis, financial ratios.

## **DATA COLLECTION**

- Secondary data collection method used in this study
- Researcher has collected financial statement from the company files and also from [www.bsnl.co.in](http://www.bsnl.co.in)

## **TOOLS USED FOR ANALYSIS**

The following tools are used to analysis the data collection from the secondary sources,

- Ratio analysis
  - Current ratio
  - Quick ratio
  - Cash position ratio
  - Fixed asset ratio
  - Cross working capital ratio
- Comparative balance sheet
- Common size balance sheet
- Trend projection
- MS excel

### **Ratio analysis**

Ratio analysis is a powerful tool of financial analysis. A ratio defined as “the indicated quotient of two mathematical expressions” and as the relationship between two or more things”. In an financial analysis, a ratio is used as a benchmark for evaluating the financial activities position of a firm.

Ratio analysis is not an end in itself. It is only a means of better understanding of financial strengths and weakness of a firm. The importance categories of ratio are as follow:

- Liquidity ratio
- Activity ratio
- Solvency ratio
- Profitability ratio

## **Liquidity ratio**

Liquidity ratio measure the firm to meet its current obligations they indicate whether the firms has sufficient liquidity resources to meet its short-term liabilities.

## **Activity or turnover ratio**

Activity ratio measures the efficiency of asset management. The efficiency in the use of assets would be reflected by the speed with which they are converted into sales.

## **Solvency ratio**

Solvency ratio reflect the ability of a concern to meet its long-term obligations.

## **Profitability ratio**

Profitability ratio measured the profitability of a firm's business operation. These ratio may be related to sales or investment.

## **Liquidity ratio**

### **Current ratio**

Current ratio is the relationship between current asset and current liabilities. Current ratio 2:1 considered ideal. That is every one rupee of current liability there must be current asset of Rs.2. if the ratio is less than two, it is indicators of idle funds.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

## Quick (or) liquid ratio

Quick ratio is also called Acid- test because it is the acid test of a concern's financial soundness. It is the relationship between quick asset and quick liabilities. Quick asset are those asset, which are readily into cash.

They include cash and balance, bills receivable, debtors, short-term investment. Quick liabilities include creditors, bills payable, outstanding expenses. A quick ratio 1:1 is considered satisfactory. The quick ratio supplements current ratio.

$$\text{Liquidity ratio} = \frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$$

## CASH POSITION RATIO

A Cash position represents the amount of cash that a company, investment fund, or bank has on its book at a specific point in time. The cash position is a sign of financial strength and liquidity. In addition to cash itself, this position often takes into consideration highly liquidity asset, such as certificates of deposit, short-term government debt, and other cash equivalents.

For traders and investors, the cash position refers to the portion of their investment portfolio asset that reside in cash or cash equivalents.

$$\text{Cash position ratio} = \frac{\text{Cash} + \text{bank} + \text{market securities}}{\text{Current liabilities}}$$

## **FIXED ASSET RATIO**

Fixed asset ratio is a type of solvency ratio (long-term solvency) which is founded by dividing total fixed asset (net) of a company with its long-term funds. It shows the amount of fixed asset being financed by each unit of long-term funds.

It helps to determine the capacity of a company to discharge its obligations towards long-term lenders indicating its financial strength and ensuring its long-term survival.

$$\text{Fixed asset ratio} = \frac{\text{Fixed asset}}{\text{Total long term fund}}$$

## **GROSS WORKING CAPITAL**

The concept of gross working capital refers to the total value of current asset. In other words, gross working capital is the total amount available for financing of current asset. However, it does not reveal the true financial position of an enterprise. How? A borrowing will increase current asset gross working capital but, at the same time, it will increase current liabilities also.

$$\text{Gross working capital} = \text{current asset} - \text{current liabilities}$$

## **COMPARATIVE BALANCE SHEET**

The single balance sheet shows asset and liabilities as in a particular data. The comparative balance sheet shows the value of asset and liabilities on two different dates. It help in comparison. A comparative balance sheet has two column is used to show the increase in figures and the fourth column is used to decrease in figures, a fifth column may be added for giving percentage of increase or balance.

Thus, while in the balance sheet the emphasis is on status, in the comparative balance sheet it is no change. Comparative balance sheet include whether the business moving in a favorable or unfavorable direction. It is every useful for studying the trends in enterprises.

## **COMMON SIZE INCOME STATEMENT**

The term in the income statement can be shown as percentage of sales to show the relation of each item to sales. A signification relationship can be established between items of

income statement and volume of sales. It help to evaluate the operational activities of the enterprise.

## **TREND PROJECTION**

The trend projection method is the most classical method of business forecasting, which is concerned with the movement of variables through time. Under this method, it is assumed that future sales will assume the same trend as followed by the past sales records.

$$\mathbf{Y = a + bX}$$

Where,

$$\mathbf{a = \frac{\sum y}{n}}$$

$$\mathbf{b = \frac{\sum xy}{\sum x^2}}$$



# CHAPTER-IV

## DATA ANALYSIS AND INTERPERTATIONS

### TABLE 4.1

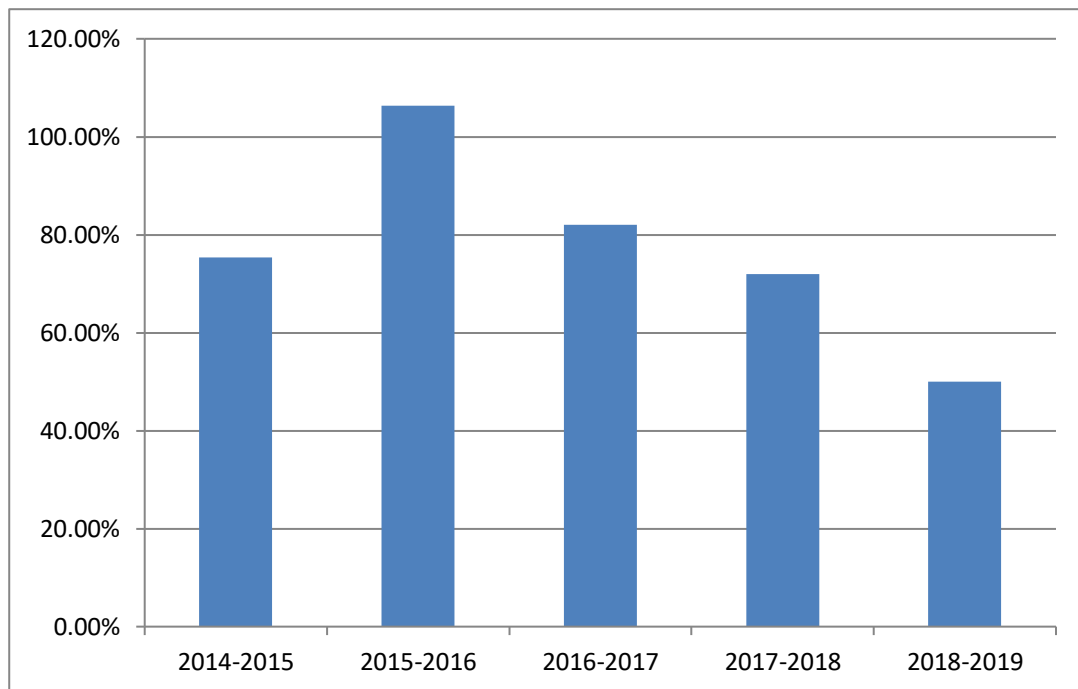
### CURRENT RATIO

$$\text{Current ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

YEAR	CURRENT ASSET	CURRENT LIABILITIES	CURRENT RATIO
2014-2015	1705246	2260356	75.4%
2015-2016	1968889	1852307	106.29%
2016-2017	1588828	1937048	82%
2017-2018	1671011	2320111	72%
2018-2019	1792419	3572930	50%

## **CHART NO 4.1**

### **CURRENT RATIO**



### **INTERPERTATION**

The about table shows that the current ratio values of the company for the study period 2014-2019. All the years show that the company finds difficult to meet its short term obligations.

## TABLE NO 4.2

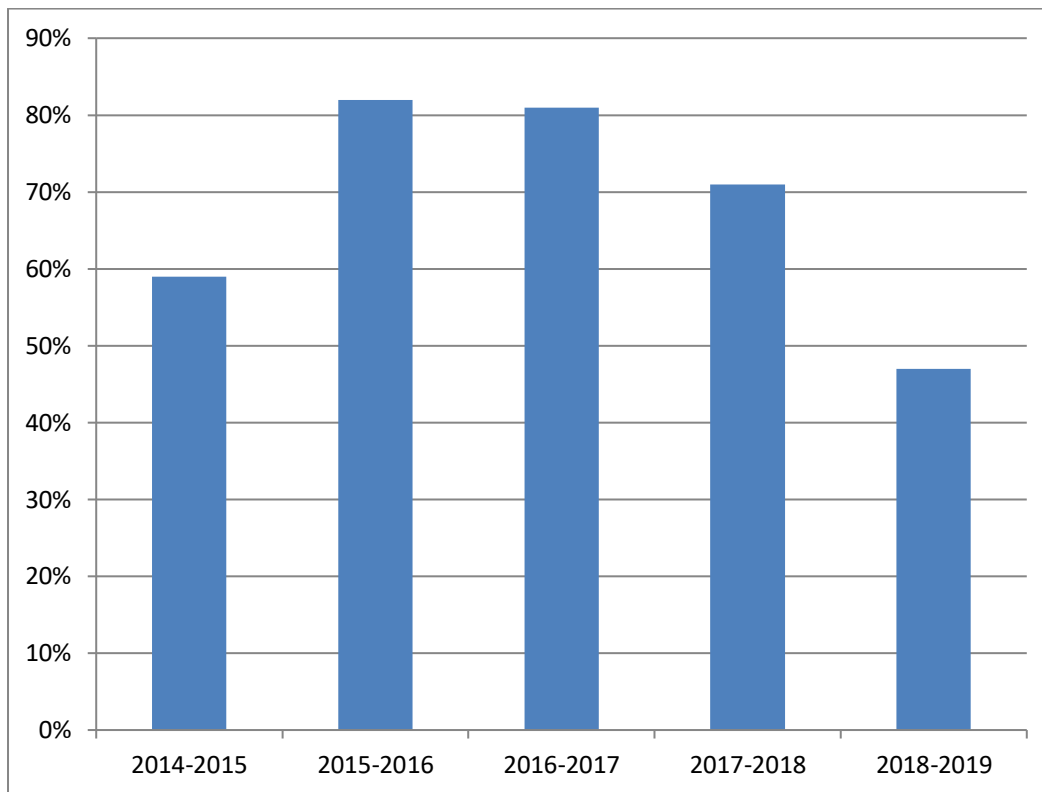
### LIQUID RATIO

$$\text{Liquid ratio} = \frac{\text{Quick asset}}{\text{Quick liability}}$$

YEAR	QUICK ASSET	QUICK LIABILITY	LIQUID RATIO
2014-2015	1335558	2260356	59%
2015-2016	1525518	1852307	82%
2016-2017	1568355	1937048	80.96%
2017-2018	1649770	2320111	71%
2018-2019	1711109	3572930	47%

## CHART NO 4.2

### LIQUID RATIO



### INTERPERTATION

The about table exposes that the quick ratio values for the study period. All the year in study period, are getting fluctuating value which indicates that the company suffers to meet its quick liabilities.

## TABLE NO 4.3

### CASH POSITION RATIO

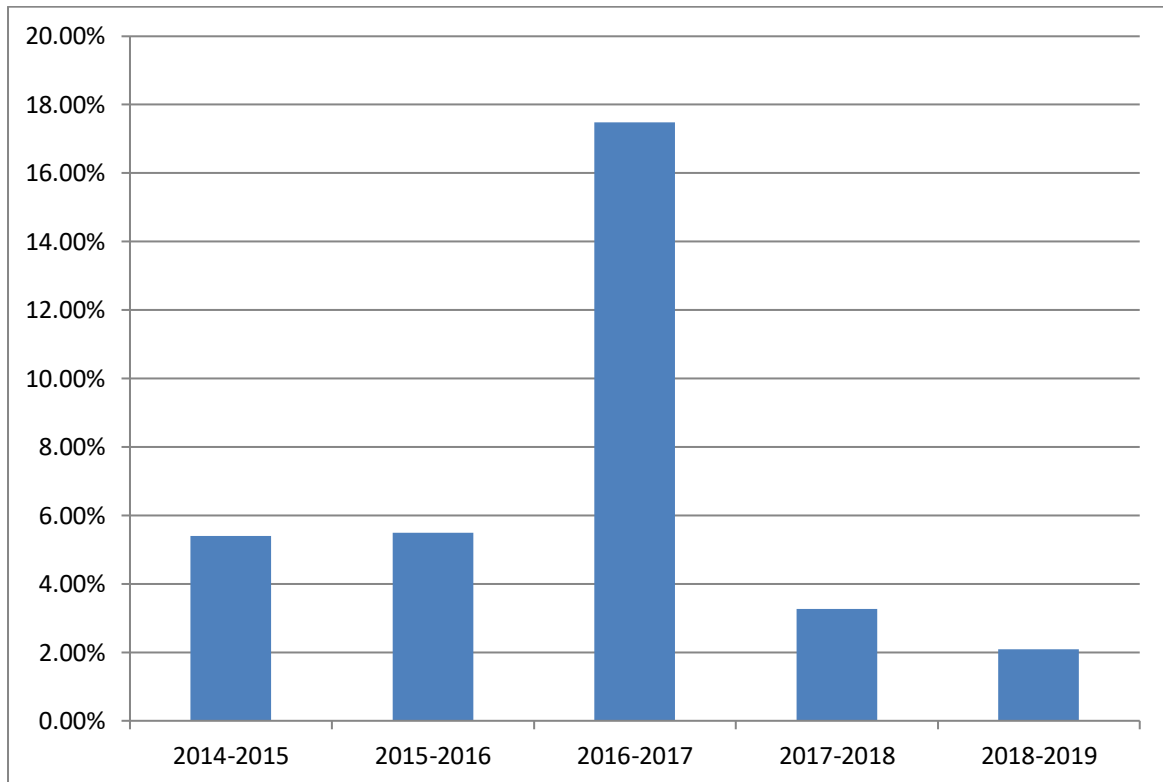
Cash + bank balance + market securities

Cash position ratio = -----

Current liabilities

<b>YEAR</b>	<b>CASH + BANK BALANCE</b>	<b>CURRENT LIABILITY</b>	<b>CASH RATIO</b>
2014-2015	122477	2260356	5.4%
2015-2016	103509	1852307	5.5%
2016-2017	338863	1937048	17.49%
2017-2018	75920	2320111	3.27%
2018-2019	75027	3572930	2.09%

**CHART NO 4.3**  
**CASH POSITION RATIO**



### **INTERPERTATION**

The about table show that the cash position ratio values for the study period. All years are not having sufficient cash balance to meet company short- term obligation.

**TABLE NO 4.4**

**FIXED ASSET RATIO**

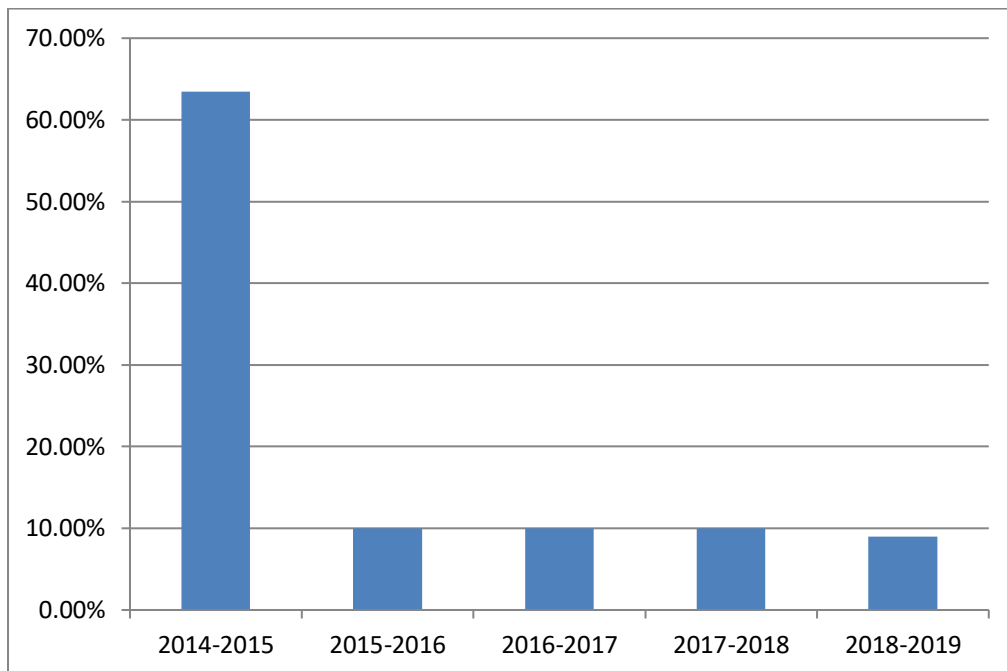
Fixed asset

Fixed asset ratio = -----

Total long term fund

<b>YEAR</b>	<b>FIXED ASSET</b>	<b>TOTAL LONG TERM FUND</b>	<b>FIXED ASSET RATIO</b>
2014-2015	4713414	7423830	63.49%
2015-2016	1389122	13813386	10%
2016-2017	1391401	13103840	10%
2017-2018	1408895	13279783	10%
2018-2019	1236078	13548276	9%

**CHART NO 4.4**  
**FIXED ASSET RATIO**



### INTERPERTATION

The about table reveals that the fixed asset ratio values for the study period. On the whole, the values are fluctuating among all the years. Any hoe, the values are showing that it's a good sign of efficient utilization of fixed asset.



**TABLE NO 4.5**

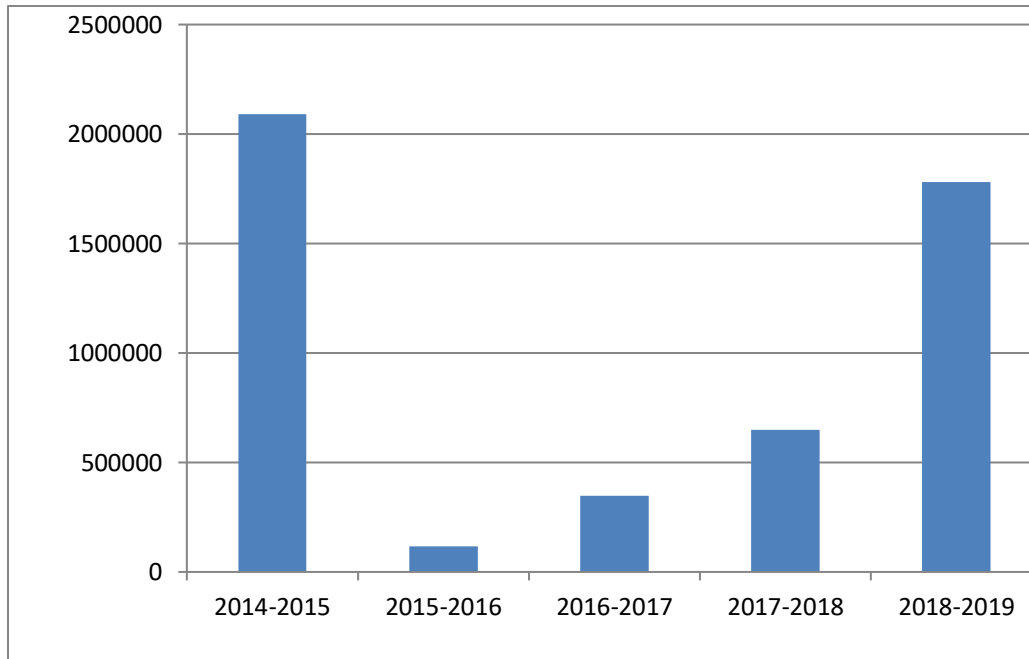
**CROSS WORKING CAPITAL RATIO**

Cross working capital = current asset – current liabilities

<b>YEAR</b>	<b>CURRENT ASSET</b>	<b>CURRENT LIABILITIES</b>	<b>CROSS WORKING CAPITAL RATIO</b>
2014-2015	1705246	2260356	2089832
2015-2016	1968889	1852307	116582
2016-2017	1588828	1937048	348220
2017-2018	1671011	2320111	649100
2018-2019	1792419	3572930	1780511

## **CHART NO 4.5**

### **CASH POSITION RATIO**



### **INTERPERTATION**

The about table shows that the gross working capital ratio values for the study period. Obviously all the values get negative sign. This is the indication of insufficient working capital to meet day to day operation.

**TABLE NO 4.6**  
**COMPARATIVE BALANCE SHEET IN THE YEAR 2014-2015**

<b>PARTICULAR</b>	<b>YEAR ENDING 2015</b>	<b>YEAR ENDING 2014</b>	<b>INCREASE/ DECREASE (AMOUNT IN RS)</b>	<b>INCREASE/ DECREASE (%)</b>
<b>ASSET</b>				
Fixed asset	4385500	5062105	-676605	-15.4%
Capital	327914	386917	-59003	17.99%
Intangible asset	-	923	-923	-100%
Investment	20000	20000	-	-
Net income	84706	23773	60933	256%
Loan & advances	912287	609028	303259	49.79%
Inventory	369688	354728	14960	4.2%
Trade receivable	232660	276258	-43598	-18.7%
Cash & bank balance	122477	93195	29282	31.4%
Other current asset	911286	1321806	-410520	-45%
Inter circle remittances	57312	86537	-29225	-50.99%
<b>Total asset</b>	<b>7423830</b>	<b>8235270</b>	<b>-811440</b>	<b>-10.93</b>
<b>LIABILITIES</b>				
Share capital	1250000	1250000	-	-
Reserve	3506443	4470295	-963852	-27.488%
Net income	28497	33037	-4540	-15.9%
Borrowing	638490	445853	192637	43.2%
Provisions	92418	152991	-60573	-65.54%
Other current liabilities	1079068	1012437	66631	6.58
Trade payable	828914	870657	-41743	5.0335%
<b>Total liabilities</b>	<b>7423830</b>	<b>8235270</b>	<b>-811440</b>	<b>-10.93</b>

#### **INTERPERTATION**

The above table shows the comparative balance sheet for the year 2014-2015. From the overall figures total asset and liabilities values are increased.

**TABLE NO 4.7****COMPARATIVE BALANCE SHEET IN THE YEAR 2015-2016**

<b>PARTICULAR</b>	<b>YEAR ENDING 2016</b>	<b>YEAR ENDING 2015</b>	<b>INCREASE/ DECREASE (AMOUNT IN RS)</b>	<b>INCREASE/ DECREASE (%)</b>
<b>ASSET</b>				
Fixed asset	3943873	4385500	-441627	-11.197
Capital	306828	327914	-21086	-6.87
Investment	20000	20000	-	-
Net income	113645	84706	28939	34.164
Loan & advances	765829	912287	-146458	-19
Inventories	443371	369688	73683	19
Trade receivables	261515	232660	28855	12.4
Cash & bank balance	103509	122477	-18968	-18
Current asset	1058576	911286	147290	16.16
Inter circle remittances	57529	57312	217	0.378
<b>Total asset</b>	<b>7074675</b>	<b>7423830</b>	<b>-349155</b>	<b>-4.9</b>
<b>liabilities</b>				
Share capital	1250000	1250000	-	-
Reserves	3116774	3506443	-389669	-12.5
Net income	24533	28497	-3964	-161.6
Borrowings	782646	638490	144156	22.57
Other current liabilities	1190357	1079068	111289	10
Provisions	27995	92418	-64423	-230
Trade payable	682370	828914	-146544	-21
<b>Total liabilities</b>	<b>7074675</b>	<b>7423830</b>	<b>-349155</b>	<b>-4.9</b>

**INTERPERTATION**

The above tables show the comparative balance sheet for the year 2015-2016. From the overall figures total asset and liabilities vales are increased.

**TABLE NO 4.8**  
**COMPARATIVE BALANCE SHEET IN THE YEAR 2017-2016**

<b>PARTICULAR</b>	<b>YEAR ENDIN G 2017</b>	<b>YEAR ENDING 2018</b>	<b>INCREASE/ DECREASE (AMOUNT IN RS)</b>	<b>INCREASE/ DECREASE (%)</b>
<b>ASSET</b>				
Plant & equipment	10015696	10081742	-66046	-0.65
Capital	649235	667047	-17812	-2.74
Intangible asset	755004	806646	-51642	-6.8
Investment	20000	20000	-	-
Other financial asset	750997	1033275	-282278	-37.58
Loans	1315	2145	-830	-6.3
Net income	38699	542981	-504312	-1304.17
Other current asset	203707	276298	-72591	-35.63
Inventories	20473	19129	1344	7.025
Cash in hand	338737	102572	236165	230.2
Cash at bank	126	-	126	100
Trade receivable	309881	261551	48330	18.478
<b>Total asset</b>	<b>13103840</b>	<b>13813386</b>	<b>-709546</b>	<b>-5.4</b>
<b>LIABILITIES</b>				
Share capital	9767424	10246028	-478604	-4.9
Borrowings	1122270	1532644	-410374	-36.56
Other financial liabilities	930158	793020	137138	17.29
Provisions	95894	103774	-7880	-8.217
Other current liabilities	595101	452860	142241	31.409
Trade payable	592993	685060	-92067	-15.52
<b>Total liabilities</b>	<b>13103840</b>	<b>13813386</b>	<b>-709546</b>	<b>-5.4</b>

### INTERPERTATION

The above tables show the comparative balance sheet for the year 2017-2016. From the overall figures total asset and liabilities values are increased.

**TABLE NO 4.9**  
**COMPARATIVE BALANCE SHEET IN THE YEAR 2018-2017**

<b>PARTICULAR</b>	<b>YEAR ENDING 2018</b>	<b>YEAR ENDING 2017</b>	<b>INCREASE/ DECREASE (AMOUNT IN RS)</b>	<b>INCREASE/ DECREASE (%)</b>
<b>ASSET</b>				
Plant & equipment	9931362	10015696	-84334	-0.849
Capital	870384	649235	221149	34.06
Intangible asset	697230	755004	-57774	-8.28
Investment	20000	20000	-	-
Other financial asset	944242	750997	193245	25.7
Loans	807	1315	-508	-62.949
Net income	119650	38669	80981	209.4
Other current asset	171892	203707	-31815	-18.5
Inventories	21241	20473	768	3.75
Cash in hand	75782	338737	-262955	-346.9887
Cash at bank	138	126	12	9.5
Trade receivable	392538	309881	82657	26.67
Sales	34517	-	34517	100
<b>Total asset</b>	<b>13279783</b>	<b>13103840</b>	<b>175943</b>	<b>1.34</b>
<b>LIABILITIES</b>				
Share capital	8667242	9767424	-800182	-8.9
Borrowings	1685258	1122270	562988	50.165
Other financial liabilities	880257	930158	-49901	-5.668
Provisions	92361	95894	-3533	-3.8
Other current liabilities	871676	595101	276575	46.475
Trade payable	782989	592993	189996	32.04
<b>Total liabilities</b>	<b>13279783</b>	<b>13103840</b>	<b>175943</b>	<b>1.34</b>

### INTERPERTATION

The above tables show the comparative balance sheet for the year 2018-2017. From the overall figures total asset and liabilities values are increased.

**TABLE NO 4.10**  
**COMPARATIVE BALANCE SHEET IN THE YEAR 2019-2018**

<b>PARTICULAR</b>	<b>YEAR ENDING 2019</b>	<b>YEAR ENDING 2018</b>	<b>INCREASE/ DECREASE (AMOUNT IN RS)</b>	<b>INCREASE/ DECREASE (%)</b>
<b>ASSET</b>				
Plant & equipment	10046940	9931362	115578	1.16
Capital	977649	870384	107265	12
Intangible asset	636042	697230	-61188	-9.6
Investment	20000	20000	-	-
Loans	504	807	303	-60
Other financial asset	774770	944242	-169472	-21.87
Net income	97573	119650	-22077	-22.6
Other current asset	415830	171892	243938	141.9
Inventories	81310	21241	60069	282.797
Cash in hand	72607	75782	-3175	-4
Cash at bank	2420	138	2282	1653.6
Sale	29850	34517	-4667	-15.6
Trade receivable	392781	392538	243	0.06
<b>Total asset</b>	<b>13548276</b>	<b>13279783</b>	<b>268493</b>	<b>2</b>
<b>LIABILITIES</b>				
Share capital	7473434	8967242	-1493808	-19.988
Borrowings	2323642	1685258	638384	37.88
Other financial liabilities	1425531	880257	545274	61.9
Provisions	104011	92361	11650	12.6
Other current liabilities	928178	871676	56502	6.48
Trade payable	1293480	782989	510491	65.19
<b>Total liabilities</b>	<b>13548276</b>	<b>13279783</b>	<b>268493</b>	<b>2</b>

## INTERPERTATION

The above tables show the comparative balance sheet for the year 2019-2018. From the overall figures total asset and liabilities values are increased.

**TABLE NO 4.11**  
**COMMON SIZE STATEMENT IN THE YEAR 2015-2014**

PARTICULAR	ABSOLUTE AMOUNT		% BALANCE SHEET AMOUNT	
	2015	2014	2015	2014
<b>ASSET</b>				
Fixed asset	4385500	5062105	59.0733%	61.4686%
Capital	327914	386917	4.417%	4.6983%
Intangible asset	-	923	-	0.0112%
Investment	20000	20000	0.2694%	0.2428%
Net income	84706	23773	1.141%	0.2888%
Loan & advances	912287	609028	12.289%	7.395%
Inventory	369688	354728	4.98%	4.3074%
Trade receivables	232660	276258	3.13396%	3.3546%
Cash & bank balance	122477	93195	1.6498%	1.1317%
Other current asset	911286	1321806	12.275%	16.051%
Inter circle remittances	57312	86537	0.772%	1.051%
<b>Total asset</b>	<b>7423830</b>	<b>8235270</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES</b>				
Share capital	1250000	1250000	16.8377%	15.1786%
Reserve	3506443	4470295	47.23%	54.28%
Net income	28497	33037	0.3839%	0.4012%
Borrowings	638490	445853	8.6%	5.414%
provisions	92418	152991	1.245%	1.8577%
Other current liabilities	1079068	1012437	14.54%	12.294%
Trade payable	828914	870657	11.16%	10.6%
<b>Total liabilities</b>	<b>7423830</b>	<b>8235270</b>	<b>100%</b>	<b>100%</b>

#### INTERPERTATION

From the above common size balance sheet it inferred that fixed asset has increased from 2015-2014. In liability side net income decreased from 2015-2014. But there is no change in investment.



**TABLE NO 4.12**  
**COMMON SIZE STATEMENT IN THE YEAR 2016-2015**

PARTICULAR	ABSOLUTE AMOUNT		%BALANCE SHEET AMOUNT	
	2016	2015	2016	2015
<b>ASSET</b>				
Fixed asset	3943873	4385500	55.746%	59.0733%
Capital	306828	327914	4.3369%	4.417%
Investment	20000	20000	0.2827%	0.2694%
Net income	113645	84706	1.606%	1.141%
Loan & advances	765829	912287	10.825%	12.289%
Inventories	443371	369688	6.267%	4.98%
Trade receivable	261515	232660	3.697%	3.13396%
Cash & bank balance	103509	122477	1.5%	1.6498%
Current asset	1058576	911286	14.96%3	12.275%
Inter circle remittances	57529	57312	0.8%	0.772%
<b>Total asset</b>	<b>7074675</b>	<b>7423830</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES</b>				
Share capital	1250000	1250000	17.669%	16.8377%
Reserve	3116774	3506443	44.055%	47.23%
Net income	24533	28497	0.347%	0.3839%
Borrowings	782646	638490	11.06%	8.6%
Other current liabilities	1190357	1079068	16.8%	14.54%
Provisions	27995	92418	0.396%	1.245%
Trade payable	682370	828914	9.7%	11.166%
<b>Total liabilities</b>	<b>7074675</b>	<b>7423830</b>	<b>100%</b>	<b>100%</b>

#### INTERPERTATION

From the above common size balance sheet it inferred that fixed asset has increased from 2016-2015. In liability side net income decreased from 2016-2015. But there is no change in investment.

**TABLE NO 4.13**  
**COMMON SIZE STATEMENT IN THE YEAR 2017-2016**

<b>PARTICULAR</b>	<b>ABSOLUTE AMOUNT</b>		<b>% BALANCE SHEET AMOUNT</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>ASSET</b>				
Plant & equipment	10015696	10081742	76.43	72.985
Capital	649235	667047	4.955	4.829
Intangible asset	755004	806646	5.76	5.84
Investment	20000	20000	0.15	0.14
Other financial asset	750997	1033275	5.73	7.48
Loans	1315	2145	0.01	0.015
Net income	38669	542981	0.295	3.93
Other current asset	203707	276298	1.555	2
Inventories	20473	19129	0.156	0.14
Cash in hand	338737	102572	2.59	0.84
Cash at bank	126	-	0.001	-
Trade receivable	309881	261551	2.365	1.9
<b>Total asset</b>	<b>13103840</b>	<b>13813386</b>	<b>100</b>	<b>100</b>
<b>LIABILITIES</b>				
Share capital	9767424	10246028	74.539	74.175
Borrowings	1122270	1532644	8.564	11.095
Other financial liability	930158	793020	7.098	5.74
Provisions	95894	103774	0.73	0.75
Other current liabilities	595101	452860	4.54	3.28
Trade payable	592993	685060	4.53	4.96
<b>Total liabilities</b>	<b>13103840</b>	<b>13813386</b>	<b>100</b>	<b>100</b>

## INTERPERTATION

From the above common size balance sheet it inferred that plant & equipment has increased from 2017-2016. In liability side provisions decreased from 2017-2016.

**TABLE NO 4.14**  
**COMMON SIZE STATEMENT IN THE YEAR 2018 – 2017**

PARTICULAR	ABSOLUTE AMOUNT		% BALANCE SHEET AMOUNT	
	2018	2017	2018	2017
<b>ASSET</b>				
Plant & equipment	9931362	10015696	74.78	76.43
Capital	870384	649235	6.554	4.955
Intangible asset	697230	755004	5.25	5.76
Investment	20000	20000	0.15	0.15
Other financial asset	944242	750997	7.11	5.73
Loans	807	1315	0.01	0.01
Net income	119650	38669	0.9	0.295
Other current asset	171892	203707	1.294	1.555
Inventories	21241	20473	0.159	0.156
Cash in hand	75782	338737	0.57	2.59
Cash at bank	138	126	0.001	0.001
Trade receivable	392538	309881	2.956	2.365
Sales	34517	-	0.3	-
<b>Total asset</b>	<b>13279783</b>	<b>13103840</b>	<b>100</b>	<b>100</b>
<b>LIABILITIES</b>				
Share capital	8967242	13103840	67.5	74.539
Borrowings	1685258	1122270	12.69	8.564
Other financial liabilities	880257	930158	6.628	7.098
provisions	92361	95894	0.695	0.73
Other current liabilities	871676	595101	6.6	4.54
Trade payable	782989	592993	5.896	4.53
<b>Total liabilities</b>	<b>13279783</b>	<b>13103840</b>	<b>100</b>	<b>100</b>

#### INTERPERTATION

From the above common size balance sheet it inferred that plant & equipment has increased from 2018-2017. In liability side provisions decreased from 2018-2017.

**TABLE NO 4.15**  
**COMMON SIZE STATEMENT IN THE YEAR 2019-2018**

<b>PARTICULAR</b>	<b>ABSOLUTE AMOUNT</b>		<b>% BALANCE SHEET AMOUNT</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>ASSET</b>				
Plant & equipment	10046940	9931362	74.157	74.78
Capital	977649	870384	7.2	6.554
Intangible asset	636042	697230	4.69	5.25
Investment	20000	20000	0.148	0.15
Loans	504	807	0.004	0.01
Other financial asset	774770	944242	5.72	7.11
Net income	97573	119650	0.72	0.9
Other current asset	415830	171892	3.069	1.294
Inventories	81310	21241	0.6	0.159
Cash in hand	72607	75782	0.536	0.57
Cash at bank	2420	138	0.017	0.001
Sale	29850	34517	0.22	0.3
Trade receivable	392781	392538	2.99	2.956
<b>Total asset</b>	<b>13548276</b>	<b>13279783</b>	<b>100</b>	<b>100</b>
<b>LIABILITIES</b>				
Share capital	7473434	8967242	55.16	67.5
Borrowings	2323642	1685258	17.15	12.69
Other financial liabilities	1425531	880257	10.5	6.628
provisions	104011	92361	0.77	0.695
Other current liabilities	928178	871676	6.9	6.6
Trade payable	1293480	782989	9.547	5.896
<b>Total liabilities</b>	<b>13548276</b>	<b>13279783</b>	<b>100</b>	<b>100</b>

#### **INTERPERTATION**

From the above common size balance sheet it inferred that plant & equipment has increased from 2019-2018. In liability side provisions decreased from 2019-2018.

**TABLE NO 4.16**  
**TREND PROJECTION**

<b>YEAR</b>	<b>Y</b>	<b>X</b>	<b>X<sup>2</sup></b>	<b>XY</b>	<b>TRENT VALUE</b>
2014-2015	84706	-2	4	-169412	64040.2
2015-2016	113645	-1	1	-113645	67214.7
2016-2017	38669	0	0	0	0
2017-2018	119650	1	1	119650	73562.5
2018-2019	97573	2	4	195146	76736.4
	<b><math>\Sigma Y=351943</math></b>	<b><math>\Sigma X = 0</math></b>	<b><math>\Sigma X^2 = 10</math></b>	<b><math>\Sigma_X Y=31739</math></b>	

#### **TREND PROJECTION FOR**

##### **2019-2020**

$$=79910.3$$

##### **2020-2021**

$$=83084.2$$

##### **2021-2022**

$$=86258.1$$

#### **INTERPERTATION**

From the about table, it is found that from trend projection analysis the net profit is increasing year by year. The upcoming 3 year (2020, 2021, 2022) also increasing year by year.

## **CHAPTER-V**

### **FINDINGS, SUGGESTIONS AND CONCLUSION**

#### **5.1 FINDINGS**

- Current ratio is very high in the year 2015-2016
- Quick ratio is high in the year 2016-2017
- Cash position ratio is high in the year 2016-2017
- Fixed asset ratio is high in the year 2014-2015
- Gross working capital ratio is high in the year 2014-2015. The year in and out study period the working capital position is not so good to meet day to day operation.
- Comparative balance sheet 2014-2015, it is found that current asset & current liabilities has decreased in 2015. When compare with 2014 statement.
- Comparative balance sheet 2015-2016, it is found that current asset & current liabilities has decreased in 2016. When compare with 2015 statement.
- Comparative balance sheet 2017-2016, it is found that there is no cash at bank in 2016.
- Comparative balance sheet 2017-2018, it is found to be that sale has decreased in 2017. When compare with 2018. And share capital has decreased in 2018 when compare with 2017.
- Comparative balance sheet 2019-2018, it is found to be that net income has decreased in 2019, when compare with 2018. And payable dues have highly increased in 2019, when compare with 2018.
- From the above common size balance sheet it inferred that fixed asset has increased from 2015-2014. In liability side net income decreased from 2015-2014. But there is no change in investment.
- From the above common size balance sheet it inferred that fixed asset has increased from 2016-2015. In liability side net income decreased from 2016-2015. But there is no change in investment.
- From the above common size balance sheet it inferred that plant & equipment has increased from 2017-2016. In liability side provisions decreased from 2017-2016.
- From the above common size balance sheet it inferred that plant & equipment has increased from 2018-2017. In liability side provisions decreased from 2018-2017.

- From the above common size balance sheet it inferred that plant & equipment has increased from 2019-2018. In liability side provisions decreased from 2019-2018.
- From the about table, it is found that from trend projection analysis the net profit is increasing year by year. The upcoming 3 year (2020, 2021, 2022) also increasing year by year.

## 5.2 SUGGESTIONS

Following are my suggestions which may help to resolve the crisis of BSNL.

- It is high time for BSNL to improve their operating efficiency. They should concentrate on increasing both their operating revenues as well as other revenues.
- Depreciation is a significant charge against their operating profit. So that the company should take utmost good care in maintaining their fixed asset.
- BSNL should develop their customer base of mobile as well as broadband users as they are two major source of income. They should also try to improve revenue from other operators.
- BSNL should conduct a brand revitalization campaign which can attract more new users as well as maintain existing customers.
- They should concentrate on quality oriented mobile internet business as the era is shifting towards mobile computing and smart devices. They should optimize new investment and utilize their existing infrastructure maximum.
- BSNL need to be more competitive in terms of their services offered.
- They should make effective utilization of the large reserves available.
- BSNL can explore other areas to improve revenue generation.
- Debt financing also will help the company to attain financial leverage as the financial expenses are reducing.
- They can consider for public issue and issue debt securities.
- The root cause for existing financial crisis is the unproductive investments.



### 5.3 CONCLUSION

The study “**financial statement analysis**” at BSNL is done by using some widely accepted tools and techniques. Within the constraints I believe that the study served its purpose. It is understood that financial statements of BSNL is worsening especially regarding their operating income. It is expected that a huge number of retirements, around a lakh will happen on coming years which will certainly help them to reduce the cost of administration. The reason for such financial distress is not only the marginal efficiency, but also the huge competition in the industry. Other changing socio-economic variables are also affecting the performance of the company. BSNL needs to bring in large amount of change especially in marketing as a measure to increase the market share as well as revenue. It is evident that BSNL as a prestigious company has well brand image among the customers and can overcome the present situation easily by adopting efficient management techniques.

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# **ANNEXURE**

**BHARAT SANCHAR NIGAM LIMITED****Balance sheet***(All amounts in ₹ lacs, unless otherwise stated)*

	Note	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>EQUITY AND LIABILITIES</b>			
Shareholder's funds			
Share capital	3	1,250,000	1,250,000
Reserves and surplus	4	3,506,443	4,470,295
Deferred government grant	5	28,497	33,037
		<b>4,784,940</b>	<b>5,753,332</b>
Non-current liabilities			
Long-term borrowings	6	5,619	72,000
Other long-term liabilities	7	344,477	330,074
Long-term provisions	8	26,438	85,532
		<b>376,534</b>	<b>487,606</b>
Current liabilities			
Short-term borrowings	9	632,871	373,853
Trade payables	10	828,914	870,657
Other current liabilities	11	734,591	682,363
Short term provisions	12	63,960	67,459
		<b>2,260,356</b>	<b>1,994,332</b>
<b>Total</b>		<b>7,423,830</b>	<b>8,235,270</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets	13		
– Tangible assets		3,522,316	4,144,428
– Intangible assets		863,184	917,677
– Capital work-in-progress		327,914	386,917
– Intangible assets under development		-	923
		<b>4,713,414</b>	<b>5,449,945</b>
Non-current investments	14	20,000	20,000
Deferred tax assets (net)	15	84,706	23,773
Long-term loans and advances	16	843,152	532,684
		<b>5,661,272</b>	<b>6,026,402</b>
Current assets			
Inventories	17	369,688	354,728
Trade receivables	18	232,660	276,258
Cash and bank balances	19	122,477	93,195
Short-term loans and advances	20	69,135	76,344
Other current assets	21	911,286	1,323,806
		<b>1,705,246</b>	<b>2,122,331</b>
Intra/inter circle remittances	33	57,312	86,537
<b>Total</b>		<b>7,423,830</b>	<b>8,235,270</b>

Notes 1 to 49 form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date

\*for Walker Chandok & Co LLP  
(formerly Walker, Chandok & Co)\*  
Chartered Accountants

Sd/-  
per Anamitra Das  
Partner

Place : New Delhi  
Date : 18 September 2015

For and on behalf of Bharat Sanchar Nigam Limited

Sd/-  
Anupam Shrivastava  
Chairman and Managing Director

Sd/-  
Sujata Ray  
Director (HR)

Sd/-  
M.N.Punde  
General Manager (Corporate Accounts)

Sd/-  
H.C.Pant  
Company Secretary and Sr. General Manager (Legal)

**BHARAT SANCHAR NIGAM LIMITED**  
**Balance sheet**  
*(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	Note	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3(i)	1,00,15,696	1,00,81,742	1,04,82,709
Capital work-in-progress	3(i)	6,49,235	6,67,047	6,43,223
Intangible assets	4	7,55,004	8,06,646	8,63,183
<b>Financial assets</b>				
(i) Investments	5	-	-	-
(ii) Loans	6	870	1,414	2,469
(iii) Other financial assets	7	28,785	29,007	2,89,491
Deferred tax assets (net)	8	-	-	-
Other non-current assets	9	65,422	69,651	22,357
<b>Total non-current assets</b>		<b>1,15,15,012</b>	<b>1,16,55,507</b>	<b>1,23,03,432</b>
<b>Current assets</b>				
Inventories	10	20,473	19,129	19,378
<b>Financial assets</b>				
(i) Investments	11	20,000	20,000	20,000
(ii) Trade receivables	12	3,09,881	2,61,551	2,32,674
(iii) Cash and cash equivalents	13	3,38,737	1,02,572	1,21,478
(iv) Bank balances other than (iii) above	14	126	-	-
(v) Loans	15	445	731	1,057
(vi) Other financial assets	16	7,22,212	10,04,268	9,08,947
Current tax assets (net)	17	38,669	5,42,981	5,08,450
Other current assets	18	1,38,285	2,06,647	1,86,808
<b>Total current assets</b>		<b>15,88,828</b>	<b>21,57,879</b>	<b>19,98,792</b>
<b>Total assets</b>		<b>1,31,03,840</b>	<b>1,38,13,386</b>	<b>1,43,02,224</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	19	5,00,000	5,00,000	5,00,000
Other equity	20	92,67,424	97,46,028	1,02,33,480
<b>Total equity</b>		<b>97,67,424</b>	<b>1,02,46,028</b>	<b>1,07,33,480</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	21	10,62,657	12,48,972	7,55,619
(ii) Other financial liabilities	22	1,38,770	92,964	62,272
Provisions	23	95,099	79,754	90,542
Other non-current liabilities	24	1,02,842	24,533	28,497
<b>Total non-current liabilities</b>		<b>13,99,368</b>	<b>14,46,223</b>	<b>9,36,930</b>

**BHARAT SANCHAR NIGAM LIMITED**  
**Balance sheet**  
*(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	Note	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	25	59,613	2,83,672	6,32,871
(ii) Trade payables	26	5,92,993	6,85,060	8,29,957
(iii) Other financial liabilities	27	7,91,388	7,00,056	74,0,843
Other current liabilities	28	4,92,259	4,28,327	3,67,390
Provisions	29	795	24,020	60,753
<b>Total current liabilities</b>		<b>19,37,048</b>	<b>21,21,135</b>	<b>26,31,814</b>
<b>Total liabilities</b>		<b>33,36,416</b>	<b>35,67,358</b>	<b>35,68,744</b>
<b>Total equity and liabilities</b>		<b>1,31,03,840</b>	<b>1,38,13,386</b>	<b>1,43,02,224</b>

This is the balance sheet referred to in our report of even date.

The accompanying notes are an integral part of these financial statements 1 to 54

In terms of our report attached

For Andros & Co.  
Chartered Accountants  
Firm Registration No. : 008976N

Sd-  
**Shashi Garg**  
Partner  
Membership No. : 086492

Place: New Delhi  
Date: 12.10.2017

For and on behalf of Bharat Sanchar Nigam Limited

Sd-  
**Anupam Shrivastava**  
Chairman and Managing Director  
DIN: 06590535

Sd-  
**Sujata Ray**  
Director (Finance)  
DIN: 07240022

Sd-  
**P.D. Chirania**  
General Manager (Corporate Accounts)

Sd-  
**H.C. Pant**  
Company Secretary and Chief General Manager (Legal)  
M.No. F- 2584

**BHARAT SANCHAR NIGAM LIMITED**  
**Standalone Balance Sheet as at 31<sup>st</sup> March 2018**  
*(All amounts in ₹ lacs, unless otherwise stated)*

Particulars	Note	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	23	1,654,348	1,062,657
(ii) Other financial liabilities	24	181,781	138,770
Provisions	25	91,204	95,099
Other non-current liabilities	26	65,097	102,842
<b>Total non-current liabilities</b>		<b>1,992,430</b>	<b>1,399,368</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	27	30,910	59,613
(ii) Trade payables	28	782,989	592,993
(iii) Other financial liabilities	29	698,476	791,388
Other current liabilities	30	806,579	492,259
Provisions	31	1,157	795
<b>Total current liabilities</b>		<b>2,320,111</b>	<b>1,937,048</b>
<b>Total liabilities</b>		<b>4,312,541</b>	<b>3,336,416</b>
<b>Total equity and liabilities</b>		<b>13,279,783</b>	<b>13,103,840</b>

This is the balance sheet referred to in our report of even date.

The accompanying notes are an integral part of these standalone financial statements 1 to 58

In terms of our report attached

**For ANDROS & Co.**  
Chartered Accountants  
Firm Registration No. : 008976N

Sd/-  
**Puneet Gupta**  
Partner  
Membership No. : 093714

Place : New Delhi  
Date : 4 October 2018

*For and on behalf of Bharat Sanchar Nigam Limited*

Sd/-  
**Anupam Shrivastava**  
Chairman and Managing Director  
DIN: 06590535

Sd/-  
**Sujata Ray**  
Director (Finance)  
DIN: 07240022

Sd/-  
**P.D. Chirania**  
General Manager (Corporate Accounts)

Sd/-  
**H.C. Pant**  
Company Secretary and Chief General Manager (Legal)  
M No. E-1584



**BHARAT SANCHAR NIGAM LIMITED**

**Standalone Balance Sheet as at 31<sup>st</sup> March 2019**

*(All amounts are in INR lakh, unless otherwise stated)*

Particulars	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(i)	10,046,940	9,931,362
Capital work-in-progress	3(ii)	977,649	870,384
Intangible assets	4	636,042	697,230
Investment in subsidiary	5	-	-
Financial assets			
(i) Investments	6	-	-
(ii) Loans	7	405	583
(iii) Other financial assets	8	26,599	24,029
Deferred tax assets (net)	9	-	-
Other non-current assets	10	60,222	85,184
<b>Total non-current assets</b>		<b>11,733,857</b>	<b>11,608,772</b>
<b>Current assets</b>			
Inventories	11	81,310	21,241
Financial assets			
(i) Investments	12	20,000	20,000
(ii) Trade receivables	13	392,781	392,538
(iii) Cash and cash equivalents	14	72,607	75,782
(iv) Bank balances other than (iii) above	15	2,420	138
(v) Loans	16	99	224
(vi) Other financial assets	17	748,171	920,213
Current tax assets (net)	18	97,573	119,650
Other current assets	19	347,608	86,708
Assets held for sale	20	29,850	34,517
<b>Total current assets</b>		<b>1,792,419</b>	<b>1,671,011</b>
<b>Total assets</b>		<b>13,548,276</b>	<b>13,279,783</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	21	500,000	500,000
Other equity	22	6,973,434	8,467,242
<b>Total equity</b>		<b>7,473,434</b>	<b>8,967,242</b>



**BHARAT SANCHAR NIGAM LIMITED**  
**Standalone Balance Sheet as at 31<sup>st</sup> March 2019**  
*(All amounts are in INR lakh, unless otherwise stated)*

Particulars	Note	As at 31 March 2019	As at 31 March 2018
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	23	2,005,008	1,654,348
(iii) Other financial liabilities	24	318,792	181,781
Provisions	25	101,581	91,204
Other non-current liabilities	26	76,531	65,097
<b>Total non-current liabilities</b>		<b>2,501,912</b>	<b>1,992,430</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	27	318,634	30,910
(ii) Trade payables	28		
total outstanding dues of micro enterprises and small enterprises		39,339	3,055
total outstanding dues of creditors other than micro enterprises and small enterprises		1,254,141	779,934
(iii) Other financial liabilities	29	1,106,739	698,476
Other current liabilities	30	851,647	806,579
Provisions	31	2,430	1,157
<b>Total current liabilities</b>		<b>3,572,930</b>	<b>2,320,111</b>
<b>Total liabilities</b>		<b>6,074,842</b>	<b>4,312,541</b>
<b>Total equity and liabilities</b>		<b>13,548,276</b>	<b>13,279,783</b>

This is the standalone balance sheet referred to in our report of even date.

The accompanying notes are an integral part of these standalone financial statements 1 to 60

In terms of our report attached

For ANDROS & Co.  
Chartered Accountants  
Firm Registration No. : 008976N

For and on behalf of Bharat Sanchar Nigam Limited

Sd/-  
**Puneet Gupta**  
Partner  
Membership No. : 093714

Sd/-  
**P.K. Purwar**  
Chairman and Managing Director  
DIN: 06619060

Sd/-  
**S.K. Gupta**  
Director (Finance)  
DIN: 08221877

Sd/-  
**Surajit Mandal**  
Senior General Manager  
(Corporate Accounts)

Sd/-  
**H.C. Pant**  
Company Secretary and  
Chief General Manager (Legal)  
M. No. F- 2584

Place: New Delhi  
Date: 21 August 2019