CHAPTER-5
PERFORMANCE EVALUATION OF SELECT DISINVESTED ENTERPRISES

The government has initiated economic reforms to boost Indian economy for a higher level of investment, national income and employment. As a part of economic reforms, public sector reforms are also going on in the country to improve their efficiency and productivity. Frohock has suggested four concepts—“Equity, Efficiency, Optimality and Public Interest— as helpful in evaluating public policy”.¹

In developing countries like India, the budget performance has a role to monitor the performance of the PEs and in developed countries (like USA, UK,² Australia, New Zealand, Japan etc.) have strict audit performance system including comprehensive indicators³ to measure value for money and the 3Es (economy, effectiveness and efficiency).

According to Sapru as, “Evaluation is not monitoring. Monitoring, however, is a prerequisite for evaluation.”⁴

“There are different financial measurement criteria found to assess the corporate strength and the weakness in absolute figures and relatives means. In an absolute way the commonly use indicators were book value, liquidation value, replacement cost, investment in fixed and working capital need etc. On the
contrary, relative criteria were developed with the help of ratios by interrelating to or more variables and growth rate by establishing a base of comparison with a period’s variables. Among the accounting the financial ratios the most popular measurement ratios were earning per share, price earning ratio, market to book ratio, and gearing ratio etc. On the growth rate plan annual growth rate are profit, turnover, fixed capital, assets, capital employed etc. for a specified period.5

"Profit is one simple and all-embracing index, accepted and understood both by the public and the Parliament, which has tremendous impact on the moral of the enterprise it self. All said and done, efficiency is consciously and unconsciously associated with the profit earned."6

The main “Determinant of successful performance”7 of PSEs (i) degree of competition that a public sector enterprises is exposed, (ii) the degree of financial autonomy and accountability under which public enterprise operates, and (iii) the extent and manner in which managerial autonomy and accountability is ensured. But there are not quantifiably. Nevertheless compound growth rate of value added from PSEs should reflect the optimality point.

The evaluation of the performance of any disinvested public sector enterprise can be made by knowing the impact on the various factors like earning, profits, increase in turnover, increase in profits, increase in net worth and payment of dividend etc.

It was pre-decided that the performance of 5 disinvested companies would be evaluated on the basis of the selected criteria as stated in the above paragraph.
Also as the analysis of the selected companies was decided to be made for at least the last 5 years, hence all the companies which were at least once disinvested up to the year 1995-96, were considered for the present study.

Over all total of 40 companies were disinvested up to 1995-96 so 5 companies were selected on the basis of random sampling the following companies got selected: -

1. Bharat Earthmovers Limited.
2. Bharat Petroleum Corporation Limited.
4. Shipping Corporation of India Limited.
5. Steel Authority of India Limited.

So in order to make the performance evaluation of these selected disinvested PSEs, the researcher had applied the following ratios relating to the above stated aspects. The comparison of these ratios with respect to different years would lead to know the favorable or unfavorable aspects of the studied PSEs.

These ratios are:-
1 Turnover to Net-worth Ratio.

Formula = \( \frac{\text{turnover} \times 100}{\text{Net-worth}^{\text{**}}} \)

* Turnover is annual sales /receipts from operations
** equity capital and reserves and surplus
Net-worth = Equity Capital + Reserves

2 PBIT to Net-worth Ratio.

Formula = \( \frac{\text{Profit before interest and tax (PBIT)} \times 100}{\text{Net-worth}} \)

3 PBIT to Turnover Ratio.

Formula = \( \frac{\text{Profit before interest and tax (PBIT)} \times 100}{\text{Annual Turnover}} \)

4 PAT to Equity Ratio.

Formula = \( \frac{\text{Profit after tax (PAT)} \times 100}{\text{Equity Capital}} \)

5 PAT to Net-worth Ratio.

Formula = \( \frac{\text{Profit after tax (PAT)} \times 100}{\text{Net-worth}} \)
For working out the various ratios required for performance evaluation, the financial data of various years of the period of study of the selected disinvested CPSE has been complied and then the relevant ratios were worked out and then critically examined keeping in mind the past experience and the opinions of the experts.

For the present study the followings companies were studied:-

1. BHARAT EARTHMOVERS LIMITED (BEML)

2. BHARAT PETROLEUM CORPORATION LIMITED (BPCL)

3. BHARAT HEAVY ELECTRICALS LIMITED (BHEL)

4. SHIPPING CORPORATION OF INDIA LIMITED (SCIL)

5. STEEL AUTHORITY OF INDIA LIMITED (SAIL)

BHARAT EARTH MOVERS LIMITED (BEML)

Bharat Earth Movers Limited is a premier ISO 9000 Company in India and the second largest manufacturer of earthmoving equipment in Asia. A three-decade-old multi-location and multi-product company, BEML has vital applications in diverse sectors of economy such as coal, mining, steel, cement, power, irrigation, construction, road building and railway. It has expanded its
product range to cover high-quality hydraulics, heavy-duty diesel engines, welding robots and undertaking of heavy fabrication jobs.

A public sector undertaking, BEML commands 70% market share in domestic earthmover industry. Nearly 40% of its equity has been divested to financial institutions and public. BEML has its corporate headquarters and central marketing division in Bangalore.

DISINVESTMENT OF BEML:

BEML was disinvested to extent of 20% during the FY1991-92 and was further disinvested years 1994-1995 to the extent 19.92%. So till date 39.92% of share capital of BEML has been disinvested.

The required financial data BEML has been compiled in table 5.1 below.
Table 5.1

ACTUAL PERFORMANCE OF BEML

(Rs in Crore)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>E.CAPITAL</th>
<th>NET WORTH</th>
<th>TURN OVER</th>
<th>PBIT</th>
<th>PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>36.87</td>
<td>568.02</td>
<td>1167.79</td>
<td>31.16</td>
<td>18.16</td>
</tr>
<tr>
<td>1997-98</td>
<td>36.87</td>
<td>569.22</td>
<td>1259.71</td>
<td>16.05</td>
<td>10.65</td>
</tr>
<tr>
<td>1998-99</td>
<td>36.87</td>
<td>577.52</td>
<td>1212.62</td>
<td>2.72</td>
<td>.62</td>
</tr>
<tr>
<td>1999-00</td>
<td>36.87</td>
<td>577.74</td>
<td>1317.09</td>
<td>23.60</td>
<td>14.60</td>
</tr>
<tr>
<td>2000-01</td>
<td>36.87</td>
<td>557.00</td>
<td>1347.40</td>
<td>10.65</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Source: - Compiled from various annual reports of BEML
From Table 5.1 above, it is depicted that during the entire period of study i.e. 1996-97 to 2000-01, there was no change in the equity capital of BEML. The Table further shows that Net-worth of the company increased continuously except during the last year i.e. 2000-01. It shows that company earned profits & its reserves increased, which is a good for the company. Whereas its turnover formed a U shape, i.e. firstly it increased than decreased and than increased again. The decrease was negligible, it can be concluded that the company showed good results on account of turnover.

Both the PBIT and PAT of the company did not keep a uniform trend and it kept on fluctuating during the period 1996-97 to 2000-01. It shows that the company’s earning remained fluctuating during the period of study which is not good for the future of the company.

Over all the Table 5.1 above makes out that there was no uniformity of the financial data of BEML during the period of study.

Ratio Analysis of BEML

In order to ascertain the performance evaluation, the selected ratios of BEML were calculated and then analysed to make out the evaluation of the company for the period 1996-97 to 2000-01.

Table 5.1 A depicts these ratios:
Table 5.1 A

CALCULATION OF VARIOUS RATIOS OF BEML

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Turn over to net worth ratio</td>
<td>205.59</td>
<td>221.30</td>
<td>209.97</td>
<td>227.97</td>
<td>241.90</td>
</tr>
<tr>
<td>PBIT to net worth</td>
<td>5.49</td>
<td>2.82</td>
<td>0.47</td>
<td>4.08</td>
<td>1.91</td>
</tr>
<tr>
<td>PBIT to turnover</td>
<td>2.66</td>
<td>1.27</td>
<td>0.22</td>
<td>1.79</td>
<td>0.79</td>
</tr>
<tr>
<td>PAT to equity</td>
<td>49.25</td>
<td>28.88</td>
<td>1.68</td>
<td>39.60</td>
<td>16.27</td>
</tr>
<tr>
<td>PAT to net worth</td>
<td>3.20</td>
<td>1.87</td>
<td>0.11</td>
<td>2.53</td>
<td>1.08</td>
</tr>
</tbody>
</table>

Source:- Compiled on the basis of data from table 5.1 above.
Chart 1: Turn Over to Net-Worth ratio of BEML

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>210</td>
<td>220</td>
<td>210</td>
<td>240</td>
<td>250</td>
</tr>
</tbody>
</table>
Chart 2 PBIT to Net-worth ratio of BEML

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>4.5</td>
<td>3.0</td>
<td>1.5</td>
<td>4.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Years

Chart 3 PBIT to turnover ratio of BEML

Years


Percentage

PBIT to turnover
Chart 4 PAT to equity ratio of BEML

Percentage

Years


Years

PAT to equity
Chart 5 PAT to Net-worth ratio of BEML

Years

Percentage
0 0.5 1 1.5 2 2.5 3 3.5

PAT to net worth
TURNOVER TO NET-WORTH RATIO:-

From the above Table 5.1 A and bar chart 1 it is depicted that there has not been any significant change in the ratio during entire period of study i.e. 1996-97 to 2000-01. This ratio was 205.59% during 1996-97. Which grew to 221.30% during 1997-98 but during 1998-99 it fell down to 209.97%. But again recovered to 227.97% during 1999-2000, which further raised to 241.90% during 2000-01.

According to Established experience and expert opinions turn over to net worth ratio should generally be 400%. Where as in the case of BEML This ratio revolves slightly above 200%. From this, it can be made out that the performance of BEML on this account is not highly satisfactory, however as it is noted that this ratio has not adversely fluctuated during the period of study after disinvestment, it can also be concluded that the performance of BEML on this account has not deteriorated after the disinvestment.

2. PBIT TO NET WORTH RATIO

From the table 5.1 A and bar chart 2 above it is vivid that PBIT to net worth Ratio of BEML has remained highly fluctuating during the period of study i.e. 1996-97 to 2000-01. During 1996-97 This ratio was 5.49% which fell to 2.82% during 1997-98 and unexpectedly during 1998-99 it fell down to merely 0.47%. Further during 1999-00 it recovered to 4.08%. But during 2000-01 it again fell down to 1.91%.
The company has not been performing adequately on this aspect because during all the years of study after its disinvestment, its PBIT to net worth ratio has been never exceeds to 5.49% and even during the last years 2000-01 it stood at 1.91% and even during 1998-99 it was just 0.47%.

According to established experience and expect opinions, the PBIT to net worth ratio is considered to be adequate if it is above 20%. As noticed above, in case of BEML, this ratio is not even anywhere near to that. Further as it noticed that after its disinvestment, PBIT to net worth ratio of BEML has rather fallen indicating that the company has been poorly performing on its aspect.

3. PBIT TO TURNOVER RATIO

PBIT to sales ratio is must important criteria for making performance evaluation for any company.

From table 5.1 & bar chart 3 above it is observed that PBIT to turn over ratio of BEML remained between 2.66% to a merely 0.22% during the period 1996-97 to 2000-01. During 1996-97 the ratio was 2.66%. Which fell to 1.27% during 1997-1998 and during 1998-99 it fell down to an imaginary low of just 0.22%. During 1999-2000. It rose somewhat and reached at 1.79%. But again during 2000-2001 it fell to 0.79%

According to established experience and expert opinions PBIT to turnover ratio is considered to be adequate if it is above 25%. But as is noticed above in case of BEML this ratio has been even near to that during all the years of study after its disinvestment. Further as it is observed from table 5.1A bar chart 3 above
that PBIT to turn over ratio of BEML. During all the years from 1996-1997 to 2000-01 never exceeded 2.66% and rather it continuously kept on falling down and same during the last year i.e. 2000-2001 at 0.79%, shows that the company has performance very poorly during all the years of study after disinvestment.

4. PAT to equity Ratio

PAT to equity ratio, popularly known as EPS is indicator for the prospective investors of a company. From the above Table 5.1A bar chart 4 it is vivid that this ratio has been highly fluctuating after the disinvestment of BEML.

During 1996-97 PAT to equity ratio of BEML was 49.25%. This can be said reasonable well but the company could not retain this ratio afterwards the some during 1997-98 fell down to 28.88%. During 1998-99, surprisingly, this ratio fell down to as low as 1.68% and though it significantly recovers the next year to 16.27%. Thus, showing a fluctuating trend.

It is observed that on the account of PAT to equity ratio BEML had some what satisfactory ratio of 49.25%. Immediately after disinvestment, company failed to even maintain this ratio in the subsequent years but rather this ratio went on falling down and during the last years i.e. 2000-01. It was only 16.27% over all it can be concluded that the performance of the company on this aspect has deteriorated after its disinvestment.
5. PAT to Net-worth Ratio

PAT to net-worth ratio of any company is the indicator of expected profitability to the prospective investor.

From Table 5.1A & bar chart 5 above it is found that PAT to Net-worth ratio of BEML has remained fluctuating between 3.20% to merely 0.11% during the period 1996-97 to 2000-01 i.e. after disinvestment during 1996-97 this ratio was 3.20%. Which fell down to 1.87%. During 1997-98, just a mere .11%. During 1999-2000 this ratio increased to 2.53% and it further fell down to 1.08% during 2000-01

According to established experience and expert opinions PAT to net worth ratio is considered to be good, if is above 10%. If this ratio of any company in below 10% the investor is not induced towards that company because alternatively his investment can bring him more returns even in the fixed deposited and other sources.

As it is noticed that income that in case of BEML, PAT to net worth was never to 10% during the period of study i.e.1996-97 to 2000-01 i.e after its disinvestment so it can be concluded that BEML has performed poorly on this aspect also.
Overall Performance of BEML

From the observations of the table 5.1, 5.1 A and bar charts 1 to 5, the overall conclusion about the performance of the company on the various important related aspects, the overall performance evaluation comes out to be that the company has not been performing well during all the years of the period of study in general and particularly during 1998-99 the performance of the company is observed to be worst.

BHARAT PETROLEUM CORPORATION LIMITED

Oil has always been associated with power, prosperity and dominance. The early history of oil- giants and their arrival in India too, is a fascinating sequence of realignments of power, through mergers and agreements, for dominance of the market

The story begins with formation of the Standard Oil Trust in the 1860s and its subsequent merger with rivals - Royal Dutch, Shell and Rothschilds, to form Asiatic Petroleum (India) joined hands with the Burmah Oil Company to form the Burmah- Shell Oil Storage and Distribution Co. of India Ltd. With nationalisation in 1976, the company came to be known as Bharat Petroleum.
A pioneer in more ways than one, the company started with the marketing of Kerosene. With motor cars, came canned petrol, followed by service stations. In 1932, when civil aviation arrived in India, the company had the honour of fuelling J.R.D Tata's historic solo flight from Karachi to Bombay. The company's refinery in Bombay was commissioned in 1955. As a true pioneer would, it introduced LPG as a cooking fuel to the Indian home..... and all along, it went beyond selling petroleum, to educate the customer. Besides selling Bitumen, the company pioneered desert road construction, through educating road engineers. It provided free technical services to industrial customers - big and small..... and it became a part of the culture.

Bharat Petroleum, now is India's second largest oil company in terms of market share, and has a turnover exceeding Rs. 330 billion. Today the company produces a diverse range of products, from Petrochemicals and Solvents to aircraft fuel and specialty lubricants and markets them through 4510 Petrol Stations, 967 Kerosene dealers and 1389 LPG distributors, besides supplying fuel directly to hundreds of industries, and several international and domestic airlines.

With complete deregulation of the oil sector envisaged by 2002, competition from international majors and Indian private companies would be fierce. Bharat Petroleum is determined to succeed in this competitive environment. The company is gearing up to serve its more than thirty million customers better and to become the most preferred supplier to them.

The company embarked upon a strategic change plan in 1996. Implementation of the change plan is now underway. The organisation structure has been revamped and six Strategic Business Units have been created. The new structure is based on business processes, is flexible, more responsive to external changes, has fewer layers, and above all, ensures a much higher customer focus.
The major thrust, however is to accelerate the pace of change within the company, by building the required skills and competencies in the staff, through innovative methods.

The company is also modernising its retail network. Seventy thousand petrol pump attendants and LPG deliverymen are being trained. International standard facilities including automatic car washes and convenience stores have been introduced at the "New Generation" Petrol stations. State-of-the-art, environment-friendly lubricants have been launched in the market.

To support growth, several projects are planned through joint ventures, which include new refineries, petroleum pipelines, import and distribution of Liquefied Natural Gas and distribution of piped Natural Gas.

Bharat Petroleum is all set to take on the challenges of the next millennium.

Disinvestment of shares of BPCL: -

The shares of BPCL were disinvested for the first time during the financial years 1991-92 upto 20% of its equity capital. Again during 1992-93 the shares of BPCL was disinvested to the tune 10% hence making total disinvestment upto 30% percent of its equity capital. During 1993-94 & 1994-95 the share of BPCL were disinvested by 0.38% and 3.42% hence making the total disinvestment to 33.80%.

The required data of BPCL has been compiled in table 5.2 below: -
Table 5.2

ACTUAL PERFORMANCE OF BPCL

(Rs.Crore)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>Equity Capital</th>
<th>Net worth</th>
<th>Turnover</th>
<th>PBIT</th>
<th>PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>150.0</td>
<td>2084.9</td>
<td>18156.4</td>
<td>977.5</td>
<td>432.6</td>
</tr>
<tr>
<td>1997-98</td>
<td>150.0</td>
<td>2523.8</td>
<td>20918.7</td>
<td>1214.3</td>
<td>532.7</td>
</tr>
<tr>
<td>1998-99</td>
<td>150.0</td>
<td>3021.8</td>
<td>25829.9</td>
<td>1556.8</td>
<td>701.3</td>
</tr>
<tr>
<td>1999-00</td>
<td>150.0</td>
<td>3494.7</td>
<td>35891.1</td>
<td>1737.7</td>
<td>703.9</td>
</tr>
<tr>
<td>2000-01</td>
<td>300.0</td>
<td>4079.4</td>
<td>47153.2</td>
<td>2033.2</td>
<td>820.1</td>
</tr>
</tbody>
</table>

Source: Compiled from various annual reports of BPCL.
From table 5.2 above, it is made out that the equity capital of BPCL remained constant of Rs. 150.0 Crore during all year from 1996-97 to 1999-00. During the last year i.e. 2000-01, it was doubled because of issuing of bonus share in the ratio of 1:1.

The net-worth of the BPCL has kept on increasing continuously throughout the period of study. It shows that company retained its profits and as a result its reserves as well as its net-worth increased, it is very good as far as net worth as of the company is concerned. Likewise its turnover, PBIT and PAT also have shown a continuous favorable trend during this period. These also show that company performed very well on these accounts also.

Ratio Analysis of BPCL: -

The required ratios on the basis of which the analysis of the performance of the company for the present study is to be made, have been calculated in 5.2 A below:-
Table 5.2 A

CALCULATION OF VARIOUS RATIOS OF BPCL

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn over to net worth ratio</td>
<td>870.85</td>
<td>828.85</td>
<td>854.78</td>
<td>1027.01</td>
<td>1155.88</td>
</tr>
<tr>
<td>PBIT to networth</td>
<td>46.88</td>
<td>48.11</td>
<td>51.51</td>
<td>49.72</td>
<td>49.84</td>
</tr>
<tr>
<td>PBIT to turnover</td>
<td>5.38</td>
<td>5.80</td>
<td>6.03</td>
<td>4.84</td>
<td>4.31</td>
</tr>
<tr>
<td>PAT to equity</td>
<td>288.40</td>
<td>355.13</td>
<td>467.53</td>
<td>469.26</td>
<td>273.36</td>
</tr>
<tr>
<td>PAT to net worth</td>
<td>20.75</td>
<td>21.11</td>
<td>23.21</td>
<td>20.14</td>
<td>20.10</td>
</tr>
</tbody>
</table>

Source: Compiled on the basis of data from table 5.2 above.
Chart 6 Turn Over to Net Worth ratio of BPCL
Chart 7 PBIT to Networth ratio of BPCL
Chart 8 PBIT to turnover ratio of BPCL

<table>
<thead>
<tr>
<th>Years</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td></td>
</tr>
</tbody>
</table>
Chart 9 PAT to equity ratio of BPCL

<table>
<thead>
<tr>
<th>Years</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>275</td>
</tr>
<tr>
<td>1997-98</td>
<td>375</td>
</tr>
<tr>
<td>1998-99</td>
<td>475</td>
</tr>
<tr>
<td>1999-00</td>
<td>475</td>
</tr>
<tr>
<td>2000-01</td>
<td>275</td>
</tr>
</tbody>
</table>
Chart 10 PAT to net worth ratio of BPCL

Percentage

18.5 19 19.5 20 20.5 21 21.5 22 22.5 23 23.5

Years


PAT to net worth
1. Turnover to Net-worth Ratio:

From table 5.2A and bar chart 6 above it is revealed that the company has improved its turnover to net worth ratio from 870.85% during 1996-97 to 1155.88% during 2000-01. In between this ratio had fallen to 828.85% during 1997-98 and 854.78% during 1998-99. But there after it went on improving and stood at 1027.01% during 1999-00. Which further risen 1155.88% during 2000-01. Thus overall there is prospective change in the ratio.

According to established experience and expert opinions turnover to net worth should generally be 400%. From the above table 5.2A and bar chart 6 it is found that BPCL has always kept above 800% after its disinvestment and rather for the last two years the ratio has surpassed 1000% and reached to 1155.88% during the last year.

From the above discussion it can be made out that performance of BPCL on this account is highly satisfactory and further that there is a positive trend during the last two years, which further shows that BPCL’s performance is good as far as this aspect is concerned.

2. PBIT to Net- Worth

Table 5.2 A and bar chart 7 above depicts that PBIT to net worth ratio of BPCL has been revolving around 50% during the last 5 years, i.e. after its disinvestment. The Table and bar chart also reveal that there is no significant
change in this ratio during all the years. During 1996-97 this ratio stood at 46.88%, which rose 48.11% during 1997-98 and further rose to 51.51% during 1998-99. But during 1999-2000 the PBIT to net worth ratio fell slightly to 49.72% and then recovered somewhat being 49.84% during 2000-01.

According to established experience and expert opinion, PBIT to net worth is considered adequate if it is above 20%. In case of BPCL table 4.2A and bar chart 7 above reveals that this ratio always remained nearly 50%. Thus proving that the company has performed well as far as this aspect is concerned.

From the above discussion it can be concluded that the performance of BPCL is good on account of PBIT to net worth.

3. PBIT to Turnover Ratio :

PBIT to turn over ratio is most important one for making evaluation of performance of any company. From table 5.2A and bar chart 8 above it is noticed, that PBIT to turnover ratio of BPCL was 5.38% during 1996-97 which rose to 5.88% during 1997-98 and further rose to 6.03% during 1998-99, but then it started falling and remained only at 4.84% during 1999-2000 and further fell to 4.31% during 2000-01. Thus the graph of this ratio has formed a bell shape during the period of study.

Generally this ratio considered adequate if it is more than 25%, but as is noticed above, in case of BPCL this ratio has never been near to that during all the years of study after its disinvestment. Rather this ratio revolved around 5% and during the last two years PBIT to turn over was 4.84% and 4.31% respectively.
Overall it may be concluded that BPCL has not performed well during all the years of study as well as this aspect i.e. PBIT to Turnover is concerned.

4. PAT to Equity Ratio:

This ratio commonly known as EPS is an important indicator for the prospective investor. From table 5.2A and bar chart 9 above it is vivid that BPCL has kept a rising trend of PAT to equity ratio during the period of study. It stood at 288.40% during 1996-97, grew to 355.13% during to 1997-98, 467.53% during 1998-99, 469.26% during 1999-00 and during 2000-01 though this ratio 273.36%, But as it was due to doubling of the equity capital in this financial years 2000-01, (a bonus issue of 1:1 was made during 2000-01). Other wise the effective ratio as compare to previous years comes out to be 546.72%. From the above discussion it is found that PAT to equity ratio of the company has shown a continuously favourable trend during all years of study after disinvestment of BPCL.

Overall it can be concluded that BPCL has performed adequately well as far as this aspect is concerned.

5. PAT to Net Worth Ratio:

PAT to net worth is the indicator of the profitability of any company. From table 5.2A and bar chart 10 above it is observed that the company always kept this ratio above 20% during all the years of study.
During 1996-97 PAT to net worth of BPCL was 20.75%, it rows to 21.11% during 1997-98 and further rows to 23.21% during 1998-99. But during 1999-2000 the ratio fell down 20.14% and during 2000-01 it stood all most at same figure being 20.10%.

General experience and expert opinions show that a company performance said to be adequate if PAT to net worth ratio is above 10%. More and More investor are induced as this ratio goes increasing. In case BPCL this ratio has always remained above 20% during all the years study.

Hence it can be concluded that BPCL has performed adequately well as far as PAT to net worth ratio is concerned.

Overall Performance of BPCL

From the observation of table 5.2, 5.2A and bar charts 6 to 10, it can be made out that BPCL has performed well all the years of study after its disinvestment on various accounts on which the performance analysis is made out. But on one aspect that is PBIT to turn over this company found to be very well. It shows that with the increase of turnover the expenses are increasing more rapidly then the turn over. During 2000-01 company’s made a bonus issue 1:1 which is very good far the investors of the company. In general the company performance can be considered to be good.
BHARAT HEAVY ELECTRICALS LIMITED

Bharat Heavy Electricals Limited (BHEL) is the largest engineering enterprise of its kind in India and is one of the major power plant equipment manufacturers in the world.

BHEL offers a wide spectrum of equipment, systems and services in the field of power, transmission, industry, transportation, oil & gas, non conventional energy sources and telecommunication.

Bharat Heavy Electricals Limited (BHEL) is today the largest engineering enterprise of India with an excellent track record of performance. Its first plant was set up at Bhopal in 1956 under technical collaboration with M/s AEI, UK followed by three more major plants at Hardwar, Hyderabad and Tiruchirapalli with Russian and Czechoslovak assistance.

These plants have been at the core of BHEL's efforts to grow and diversify and become India's leading engineering company. The company now has 14 manufacturing divisions, 8 service centres and 4 power sector regional centres, besides project sites spread all over India and abroad and also regional operations divisions in various state capitals in India for providing quick service to customers.

BHEL manufactures over 180 products and meets the needs of core-sectors like power, industry, transmission, transportation (including railways), defense, telecommunications, oil business, etc. Products of BHEL make have established an enviable reputation for high-quality and reliability.
BHEL has

1 Installed equipment for over 62,000 MW of power generation - for Utilities, Captive and Industrial users.

2 Supplied 2,00,000 MVA transformer capacity and sustained equipment operating in Transmission & Distribution network upto 400 KV - AC & DC.

3 Supplied over 25,000 Motors with Drive Control System to Power projects, Petrochemicals, Refineries, Steel, Aluminium, Fertilizer, Cement plants etc.

4 Supplied Traction electrics and AC/DC locos to power over 12,000 Kms Railway network.

5 Supplied over one million Valves to Power Plants and other Industries.

6 This is due to the emphasis placed all along on designing, engineering and manufacturing to international standards by acquiring and assimilating some of the best technologies in the world from leading companies in USA, Europe and Japan, together with technologies from its-own R&D centres. BHEL has acquired ISO 9000 certification for its operations and has also adopted the concepts of Total Quality Management (TQM).

Disinvestment of BHEL: -

Government of India disinvested the shares of BHEL by 20% during 1991-92. Again during 1992-93 and 1993-94 shares of BHEL were disinvested by 0.46% and 0.08% respectively. During 1994-95 the shares of BHEL were disinvested to the tune of 12.74% hence making the total 33.28%.
The required financial data of BHEL has been compiled in table 5.3 below:

Table 5.3

ACTUAL PERFORMANCE OF BHEL

(Rs. in crore)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>Equity Capital</th>
<th>Net worth</th>
<th>Turnover</th>
<th>PBIT</th>
<th>PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>244.8</td>
<td>1924.8</td>
<td>5755.3</td>
<td>864.4</td>
<td>463.2</td>
</tr>
<tr>
<td>1997-98</td>
<td>244.8</td>
<td>2595.0</td>
<td>6471.3</td>
<td>1021.7</td>
<td>719.5</td>
</tr>
<tr>
<td>1998-99</td>
<td>244.8</td>
<td>3082.5</td>
<td>6794.7</td>
<td>932.3</td>
<td>544.6</td>
</tr>
<tr>
<td>1999-00</td>
<td>244.8</td>
<td>3357.8</td>
<td>6634.0</td>
<td>865.4</td>
<td>599.4</td>
</tr>
<tr>
<td>2000-01</td>
<td>244.8</td>
<td>3601.8</td>
<td>6347.8</td>
<td>294.1</td>
<td>294.1*</td>
</tr>
</tbody>
</table>

Source: Compiled from various annual reports of BHEL

* BHEL did not pay any tax during 2000-01 because of surplus tax paid during earlier years.
From Table 5.3 above, it is clear that the capital of BHEL remained constant during whole of the period of study i.e. 1996-97 to 2000-2001. The further reveals that the networth of the company has increased year after year. It shows that company has earned profits and its reserves increased during the period of study resulting in increase in networth, which is a good sign on account of company’s performance. Turnover of the company shows a different view, as it increased during the first three years of study and than decreased during the last two years. Though, the decrease during 1999-2000 is marginal, yet the further decrease is not good as company’s performance is concerned.

PBIT & PAT kept the similar trend during 1996-97 to 2000-2001, as these are directly related to turnover, hence during 1996-97 to 1998-99 these ratios increased and during 1999-2000 these ratios decreased. During 2000-01 these ratios further decreased, which shows that the company could not maintain its performance well after its disinvestment.

RATIO ANALYSIS BHEL

The required ratios of on the basis of which the performance of the company is to be made have been calculated 5.3.A below:
Table 5.3A

CALCULATIONS OF VARIOUS RATIOS OF BHEL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn over to net worth ratio</td>
<td>299</td>
<td>249.37</td>
<td>220.43</td>
<td>197.57</td>
<td>176.24</td>
</tr>
<tr>
<td>PBIT to networth</td>
<td>44.91</td>
<td>39.37</td>
<td>38.24</td>
<td>25.77</td>
<td>8.16</td>
</tr>
<tr>
<td>PBIT to turnover</td>
<td>15.02</td>
<td>15.79</td>
<td>13.72</td>
<td>13.04</td>
<td>4.63</td>
</tr>
<tr>
<td>PAT to equity</td>
<td>189.21</td>
<td>293.50</td>
<td>222.47</td>
<td>244.85</td>
<td>120.13</td>
</tr>
<tr>
<td>PAT to net worth</td>
<td>24.06</td>
<td>27.73</td>
<td>17.67</td>
<td>17.85</td>
<td>8.17</td>
</tr>
</tbody>
</table>

Source: compiled from data from table 5.3
Chart 11: Turn Over to Net Worth ratio of BHEL

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>300</td>
</tr>
<tr>
<td>1997-98</td>
<td>250</td>
</tr>
<tr>
<td>1998-99</td>
<td>200</td>
</tr>
<tr>
<td>1999-00</td>
<td>150</td>
</tr>
<tr>
<td>2000-01</td>
<td>100</td>
</tr>
</tbody>
</table>
Chart 12 PBIT to Networth ratio of BHEL
Chart 13 PBIT to turnover ratio of BHEL

![Chart showing PBIT to turnover ratio of BHEL over years. The chart indicates a significant increase in PBIT to turnover ratio from 1996-97 to 1997-98, followed by a decrease in 1998-99 and a steady increase to 1999-00, with a peak in 2000-01.](chart.png)
Chart 14 PAT to equity ratio of BHEL

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>200</td>
</tr>
<tr>
<td>1997-98</td>
<td>300</td>
</tr>
<tr>
<td>1998-99</td>
<td>250</td>
</tr>
<tr>
<td>1999-00</td>
<td>350</td>
</tr>
<tr>
<td>2000-01</td>
<td>150</td>
</tr>
</tbody>
</table>

Years
Chart 15 PAT to net worth ratio of BHEL

- 1996-97
- 1997-98
- 1998-99
- 1999-00
- 2000-01

Yrs

Percentage

0 5 10 15 20 25 30

PAT to net worth

Years

Analysis of Various Ratios of BHEL

1. Turnover to net worth ratio

From the above table 5.3A and bar chart 11, it is vivid that the ratio this ratio of BHEL has continuously followed a declining trend since 1996-97. It is found that during 1996-97 turnover to net worth ratio of BHEL was 299%, which fell down to 249.37% during 1997-98, further fell to 220.43% during 1998-99 and again fell to 197.57% during 1999-00 and ultimately during last year i.e. 2000-01 it fell down to 176.24%.

The expected ratio frame and good performance of a company is around 400%, but in case of BHEL this as the above table reveals that in case of BHEL this ratio is continuously falling down since 1996-97 & the ratio in the last years 176.24%. So the company cannot considered to be performing adequately on this aspect.

Further as this ratio is deteriorating continuously year to year, it is again a point of concern that the performance of the company is getting bad to worst. So, the company’s performance is not well on this account.

2. PBIT to Net worth ratio

Table 5.3 A and bar chart 12 above reveals that this company had been performing very nicely immediately after its disinvestment. PBIT to net worth ratio of BHEL is continuously falling down every year since 1996-97.
During 1996-97 this ratio stood at 44.91%, it fell down 39.37% during 1997-98, 38.24% during 1998-99 and further decline to 25.77% during 1999-00 and suddenly during last year i.e.2000-01 this ratio has fallen to a mere 8.16%. It shows that there has been a continuously trend world trend of the performance of the company on this aspect.

Generally the expected ratio of a good company 20% and it is observed above, the performance of BHEL was good immediately after its disinvestment, but on account of two factor its performance cannot be considered good now (i) A continuously decline trend of the ratio. (ii) A meager of 8.16% of this ratio during last year.

On the basis of the above discussion the company performance of this aspect cannot be considered to be good.

3. PBIT to Turn over

From table 5.3A and bar chart 13 above it is observed that there has always been a declining trend of PBIT to turn over ratio since 1996-97 onward.

During 1996-97 this ratio stood at 15.02%, which slightly rows to 15.79% during 1997-98, but subsequently each year it went on falling down being 13.72% during 1998-99, 13.04% during 1999-00 and a merely at 4.63% during 2000-01.

Generally expected PBIT to turn over ratio from a reasonable a good company is 25%. But in case BHEL, as is observed in table 4.3A, this ratio never remained near to that and rather followed a declining trend during all the four
years and particularly during last years when it was 4.63%. Hence at this rate the performance of the company of this expect cannot be considered to be good.

Over all, it can be concluded that BHEL’s performance when evaluated on the basis of PBIT to turn over cannot be considered adequate.

4. PAT to equity capital

Table 5.3A and bar chart 14 above reveals that this ratio of BHEL remained reasonable adequate. But during the last year it the fell down very much which if continued would make the ratio table inadequate for the company.

During the 1996-97 the ratio was 189.21%, which rose to 293.50% during 1997-98. It was 222.47% & during 1999-00 it was 244.85% during 2000-01 the ratio stood 120.13%.

If seen in totally this ratio has followed a cyclic trend during last five years. But as 5 years period may not be adequate one for driving proper conclusion, hence rather than the trends the absolute values have been consider for measuring the evaluate of the company of the expect.

So over all it can be concluded that though in absolute terms the company performance well as for as expect is concerned. But the declining of the value significant by during last year is matter of concern.
5. PAT to Net-worth Ratio

From table 5.3A and bar chart 15 above it is observed that during 1996-97 and 1997-98 this ratio was reasonable high being at 240.06% & 27.33% respectively of 1998-99 & 1999-00 still the ratio was adequate being 17.67% & 17.85% respectively. But during the last year i.e. 2000-01 then ratio fell significantly and stood at 8.17%

General parameter show that the performance a company is considered adequately good PAT to net worth is above 10%. As observed in case of BHEL this ratio always remained above 10% expected last year. So it can be said that the company is performing adequately as far as thus aspect is concerned. But as during last year the ratio has fallen down from 1996-97 & 1997-98 and particularly that during 2000-01 this ratio only 8.17%, it makes out that the performance of company of then aspect has after its disinvestment. Though shell not very bad.

From the above discussion and analysis it can be safely concluded that on most of the factors taken into consideration by the researcher for making the performance evaluation of selected PSE's, this company has been performing well during the years immediately after disinvestment but on those aspect itself performance is going on following down and particularly during last year on all the aspect the company has shown the dismay picture.
SHIPPING CORPORATION OF INDIA LIMITED

The Shipping Corporation of India was established on 2nd October 1961 by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation. Starting out as a marginal Liner shipping company with just 19 vessels, the SCI today has metamorphosed into a giant conglomerate having substantial interests in 12 different segments of the shipping trade. Sailing through for nearly four (4) decades, the SCI today has a significant presence on the global maritime map and is undoubtedly the Country's premier shipping line. The SCI owns and operates about 40% of the Indian tonnage and operates in practically all areas of shipping business servicing both national and international trades. Keeping in view the demands of the nation's trade, the SCI over the years has diversified into a large number of areas, and is today the only Indian shipping company operating Break-Bulk service, International Container service, Passenger service, Liquid/Dry Bulk transportation service etc.

The SCI has contributed immensely to the growth of India's EXIM trade as well as contributing to the Nation's exchequer by being a gross earner and saver of valuable foreign exchange. Over the years, SCI has assumed the role of a lifeline for the country during times of emergency and distress by ensuring continued and uninterrupted supply of crude oil, the fuel, which drives the country's economy. Consequent to the phased dismantling of Administered Price Mechanism (APM) from April 1998 onwards and abolition of "Cost Plus Mechanism", the Indian Oil industry bestowed on the SCI, status of 'Nodal Agency' for regulating and co-ordinating the transportation arrangements for
indigenous and imported crude for achieving synergic practices to serve the overall logistical objective. In the Container shipping segment, the SCI provides a premium (fastest) container service to US east coast in alliance with 2 other partners and a similar service to the Far East besides its existing service to the UK Continent. The liberalization and globalisation of Indian economy has presented the SCI with a whole lot of opportunities to grow and diversify and the SCI is ideally positioned to avail of these opportunities due to the presence of a modern, young and diversified fleet coupled with the presence of a large pool of well trained and experienced manpower both onshore and offshore to operate it.

The SCI is a profitable commercial venture of Government of India and has an excellent track record of earning profits since its inception barring a brief period when the shipping industry worldwide was under depression. The SCI's performance has been rated "Excellent" consecutively for a record nine (9) times under the Memorandum of Understanding (MoU) signed with the Government of India. The Government mindful of the excellent track record bestowed the status of "Mini Ratna" leading to enhanced delegation of powers to the Board in the areas of Capital Investment, Joint Ventures, Opening of New Offices, etc. The continued profitability of the SCI has been due to the innovative and timely strategies and measures adopted by the enlightened SCI Management which included inter alia judicious and optimal utilization of available tonnage by deploying it in the most remunerative sectors, commencement of new services in niche markets, identification and expeditious disposal of value destroyers or non-performing assets, forging alliances with the significant players in the market to enhance cargo availability and apportion expenses, administrative cost cutting, etc.
The SCI takes pride in the fact that it is a responsible and socially committed owner, placing greater emphasis on the safety of the vessels and the environment it operates and has evolved into a highly quality and safety conscious organization. The SCI has been able to obtain Document of Compliance (DOC) for Phase II vessels under International Safety Management Code (ISM), patterned on the lines of ISO 9000 certification, one full year in advance of the deadline. The SCI has also received numerous awards and accolades from various national and international organizations for achieving excellence in customer satisfaction, operational efficiencies, Human Resource training, emergency preparedness etc.

In order to meet the challenges of a dynamic and intensely competitive global shipping environment and to emerge as a highly efficient and successful shipping company in the 21st century, the SCI is undergoing a "corporate transformation" exercise. The SCI has appointed world-renowned consultant M/s PricewaterhouseCoopers (PwC) to assist in delineating the future business strategy, re-engineer business processes and benchmark them with the best in the world and install a truly responsive I.T. enabled structure to meet its future needs and enable the SCI to emerge as a quintessential organization not only for the shipping industry itself but also for entire corporate world.

In tune with the worldwide trend of specialisations and the premium placed on core-competencies, the SCI has charted a definitive course of action for the future. The thrust areas for growth and diversification focus on energy transportation including the sunrise segment of LNG transportation and container transportation. The SCI's forays into these areas could either take the form of direct capital investment or by forging strategic and symbiotic alliances with significant players in the market. The SCI has heralded India's entry into the
esoteric field of LNG transportation by acquiring a stake in the two Indian LNG transportation agreements contracted till date that too after a global bidding process. The presence of the SCI in these LNG transportation contracts would go a long way in establishing itself as a major LNG transportation player in the world.

The SCI possesses all the ingredients essential for emerging as a truly world class international shipping company and the endeavor of the Management is to facilitate the release of the boundless streams of energy and initiatives and channeling it for the future growth and prosperity of the Company and the Nation.

'Fortify and grow' is a character with which SCI is very conversant. This defined its earlier growth path and catapulted SCI into a specialist category; the 1960's recognised SCI as a complete liner services company. In fact, as much as 90% of its entire tonnage was a consequence of liner ships regularly plying coastlines. This proved to be a source of power and a point of contemplation; the goals and achievements only marked a progress route and were actually, just a brighter future in waiting.

Diversification was the future eluding SCI, at that time. Quick expansions to its fleet were subsequently undertaken, in sync with its progress plans. The fleet structure thus adopted distinguished it as the most diversified fleet-owner in India. Chance caused it to make it to the top-most league in the international arena. Even by international standards, SCI employed a remarkably diversified ship line-up; liner, bulk carriers and tankers, technical and offshore services that transport everything, from iron-ore to fertilisers, crude oil to petroleum products and critical materials used in offshore installations, and even tow rigs. Representing India to the extent of 40% of its entire tonnage! Other critical points too, like a presence in almost every major sea route in the world, have been
instrumental in classifying it as a global player, slotting it in the world's top 15 league.

The belief that nothing can stop SCI, except the forces of nature, is what drives it. SCI hesitates at nothing; no deadline nor destination is a deterrent to meeting its commitments. Every job is handled to perfection and with equal dedication. It is constantly monitored by a pool of highly motivated and skilled personnel, who are at the very least professionals in their own right. Their skills, when honed make the best maritime workforce in India.

The forces of nature are never dormant. There is more truth than one can imagine, in safety being not just an accompaniment but the very crux of what transpires in a prestigious establishment such as SCI. When a vessel sets sail, it means that it well passed the safety credentials already put into place. Various international safety organisations, monitoring smooth procedures of business, have initiated many stringent measures, from time to time. These successive renditions have put SCI into a remarkably secure mode. It gives the shipping business a sense of completeness. Might we add, responsibility!

SCI looks at social contribution, with equal measure of responsibility. It was with willingness that SCI rendered help to the Indian Peacekeeping Force, when Sri Lanka was struck by ethnic strife. It was hard to put it down to anything but bravery, when SCI ships safely transported refugees from war-ravaged Kuwait to the haven, Dubai. Crude oil supplies from the Gulf were uninterrupted even during the Iran-Iraq war, when determined SCI ships continued with their business as usual.

Head-strong and responsible, excelling is no more a rarity, but protocol! The time has come. It not only lies in quantitative improvements but qualitative
betterment of the fleet, in terms of the way ships are run and method of business
conduct. It is in our interest to upgrade existing hardware. Beyond that,
diversifying into other related areas will further consolidate our position as India's
largest. This alone will attract and retain manpower that is so integral a part of
SCI. In fact, that which is SCI!

The shares of SCIL was disinvested during 1991-92 by 18.51% and again
in 1994-95 by 1.37% making the total disinvestment in SCIL upto 19.88%.11

The required data of SCIL has been compiled in table 5.4 below: -
Table 5.4

ACTUAL PERFORMANCE OF SCIL

(Rs crore)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>Equity Capital</th>
<th>Net worth</th>
<th>Turnover</th>
<th>PBIT</th>
<th>PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>282.3</td>
<td>144.5</td>
<td>2442.0</td>
<td>273.3</td>
<td>233.3</td>
</tr>
<tr>
<td>1997-98</td>
<td>282.3</td>
<td>1658.4</td>
<td>2521.5</td>
<td>301.2</td>
<td>246.2</td>
</tr>
<tr>
<td>1998-99</td>
<td>282.3</td>
<td>1812.0</td>
<td>2582.3</td>
<td>248.3</td>
<td>201.3</td>
</tr>
<tr>
<td>1999-00</td>
<td>282.3</td>
<td>1918.3</td>
<td>2608.0</td>
<td>202.6</td>
<td>161.6</td>
</tr>
<tr>
<td>2000-01</td>
<td>282.3</td>
<td>2207.1</td>
<td>3132.2</td>
<td>554.6</td>
<td>382.6</td>
</tr>
</tbody>
</table>

Source: Compiled from Various Annual Reports of Shipping Corporation of India Limited.
As per Table 5.4 the capital of the company remained at Rs. 282.3 crore, whenever its net worth increased continuously. But during 1997-98 the increased is very high as campered to turn over of 1996-97. There fore the increase is losses, even then this is good for the company it shows the increases in company’s free reserves. Turnover being most important factor kept on increasing during the whole period of study. The company had performed very well on this expect turnover. Turnover is the key to success of any company.

PBIT of the company is increased to Rs. 301.2 crore during 1997-98 from Rs. 273.3 crore during 1998-99 PBIT fell down to Rs.248.3 crore which further decreased to Rs. 202.6 crore during 1999-00. Inspite of increases in turn over the PBIT decreased during 1998-99 & 1999-00. But during 2000-01 PBIT & SCIL jumped to Rs. 554.6 crore these showing.

Nearly 175% increase than 1999-00. The company had performed very well during 2000-01 as regards PBIT.

PAT & SCIL also followed the trend of PBIT, thus showing very good increase 2000-01. The company had performed very well as far PAT is concerned.

The company performance after disinvestment is an average.

RATIO ANALYSIS OF SCIL

The various ratios have been calculated table 5.4 below: -
Table 5.4A
CALCULATION OF VARIOUS RATIOS OF SCIL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn over to net worth ratio</td>
<td>165.61</td>
<td>152.04</td>
<td>142.51</td>
<td>135.93</td>
<td>141.91</td>
</tr>
<tr>
<td>PBIT to net-worth</td>
<td>18.53</td>
<td>18.16</td>
<td>13.70</td>
<td>10.56</td>
<td>25.13</td>
</tr>
<tr>
<td>PBIT to turnover</td>
<td>11.19</td>
<td>11.94</td>
<td>9.62</td>
<td>7.77</td>
<td>17.71</td>
</tr>
<tr>
<td>PAT to equity</td>
<td>82.64</td>
<td>87.21</td>
<td>71.31</td>
<td>57.24</td>
<td>135.52</td>
</tr>
<tr>
<td>PAT to net worth</td>
<td>15.82</td>
<td>14.84</td>
<td>11.11</td>
<td>8.42</td>
<td>17.33</td>
</tr>
</tbody>
</table>

Source: - Complied on the basis of table 5.4.
Chart 16 Turn Over to Net Worth ratio of SCIL

Years
1998-99 1999-00 2000-01

Percentage
160 140 120 100 80 60 40 20 0

Years

Turn Over to Net Worth
Chart 17 PBIT to Networth ratio of SCIL

Years

Percentage
0 5 10 15 20 25 30

□ PBIT to Networth

Years
Chart 18 PBIT to turnover ratio of SCIL
Chart 19 PAT to equity ratio of SCIL

Years


Percentage

0 20 40 60 80 100 120 140 160

PAT to equity
Chart 20 PAT to net worth ratio of SCIL

Percentage


Years

PAT to net worth
Performance Analysis of Shipping Corporation of India Limited

1. Turnover to Net worth Ratio

Table 5.4A bar chart 16 above reveal that turnover to net worth ratio of SCIL was 165.61% during 1997-97, during 1997-98 it fell down to 152.04% and further to 142.51% & 135.93% during 1998-99 and 1999-00 respectively. During 2000-01 turnover to net worth ratio stood at 141.91%.

From the above table 5.4A it can be clearly observed that this ratio has deteriorated during the immediately past years than before.

Expected ratio from a reasonable good company is 400%. The above observation show SCIL never performed adequately on this expect as its this ratio never reached near 400%, rather its position has worsened recently.

Over all it can be concluded that the performance of SCIL has never been adequate after its disinvestment and rather over the years it has further deteriorated.

2. PBIT to Net worth Ratio

Table 5.4 A and bar chart 17 above reveal that during 1996-97 PBIT to net worth ratio of SCIL was 18.53% and which went continuously falling down and stood at 18.16% during 1997-98, 13.70% during 1998-99 and 10.56% during 1999-00. During 2000-01 this ratio stood at a reasonable good value of 35.13%.
It is observed that this ratio has formed a U shape during the period of study and it was adequate only during the last year 2000-01. As in 1996-97 this ratio was 18.33% which was somewhat satisfactory, but as it continuously when on falling down and it is only during 2000-01 that it has recovered, since the expected value of this ratio from a good performing company is 25%.

Overall it can conclude that the performance SCIL fell down immediately after its disinvestment, but its improved significantly during last year i.e. 2000-01. So if this trend continued, only then we can conclude that the performance SCIL to be adequate otherwise not.

3. PBIT to Turnover Ratio

Table 5.4A and bar chart 18 above reveal that PBIT to turnover ratio of SCIL was 11.19% during 1996-97, 11.94% during 1997-98, 9.62% during 1998-99, 7.77% during 1999-00 and 17.71% during 2000-01.

From the above observation it is significant to note that though in the beginning this ratio went into falling but during the last year 2000-01, it recover significantly to reach at a level of 17.71%.

The expected value of this ratio of a good company is around 25% and it is noted from above that SCIL never reached even near this point. Though the last year company attained a value of 17.71%, but this too not very adequate one.

Overall it can be concluded SCIL has not performed adequately after its disinvestment as far as this aspect is concerned. Further as during the last year the
company attained a value of 17.71% of this ratio and if it is further improved during subsequently years, then only this company's performance on this aspect may became reasonable.

4. PAT to Equity Ratio

Table 5.4A and bar chart 19 above depict that during 1996-97 PAT to Equity ratio of SCIL stood at 82.64%, which rose to 87.21% during 1997-98. But during 1998-99 this ratio fell down to 71.31% and same further fell down to 57.24% during 1999-00. During 2000-01 this ratio improved significantly and reached at 135.52%.

It is observed that though the company has been able to keep a reasonable good ratio during all the years of study after disinvestment. But the sudden fluctuations and falling down to 57.24% during 1999-00 is a point of concern. Further as this ratio stood at 135.52% during 2000-01, it is very good ratio, if this trend continued, then performance of the company will improve further.

Overall, it can be concluded SCIL has performed very well during the entire period of study after its disinvestment as far as PAT to Equity ratio is concerned.
5. PAT to Net-worth Ratio

Table 5.4 A and bar chart 20 above depict that PAT to Net worth ratio SCIL stood at 15.82% during 1996-97, 14.84% during 1997-98, 11.11% during 1998-99, 8.42% during 1999-00 and at 17.335 during 2000-01.

Above observation shows that this ratio has formed a U shape during the period of study after its disinvestment.

It is further observed, that the company has been keeping reasonable good PAT to net worth ratio expect during 1999-00. Generally expected value of this ratio from a reasonable good company is about 10% and it is observed that this value SCIL always remained above expect during 1999-00 when it was slightly lower at 8.42%.

From the overall observation it can be concluded that SCIL has performed as far as this aspect is concerned and particularly during the last year its performance on this aspect was very well.

Overall, it can be concluded that SCIL has a fluctuating performance on the various aspects of analysis taken into consideration in this study. The performance on all considered aspects has been observed to be adequate during the last year and if this trend is continued than in future SCIL is expected to perform very well.
STEEL AUTHORITY OF INDIA LIMITED

Steel Authority of India Limited (SAIL) is the leading steel making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets.

Ranked amongst the top ten public sector companies in India in terms of turnover, SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanised sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel and other alloy steels. SAIL produces iron and steel at four integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials, including the Company's iron ore, limestone and dolomite mines.

SAIL's wide range of long and flat steel products are much in demand in the domestic as well as the international market. This vital responsibility is carried out by SAIL's own Central Marketing Organisation (CMO) and the International Trade Division. CMO encompasses a wide network of 38 branch offices and 47 stockyards located in major cities and towns throughout India.

With technical and managerial expertise and know-how in steel making gained over four decades, SAIL's Consultancy Division (SAILCON) at New Delhi offers services and consultancy to clients world-wide.

SAIL has a well-equipped Research and Development Centre for Iron and Steel (RDCIS) at Ranchi which helps to produce quality steel and develop new technologies for the steel industry. Besides, SAIL has its own in-house Centre for
Engineering and Technology (CET), Management Training Institute (MTI) and Safety Organisation at Ranchi. Our captive mines are under the control of the Raw Materials Division in Calcutta. The Environment Management Division and Growth Division of SAIL operate from their headquarters in Calcutta. Almost all our plants and major units are ISO Certified.

**Major Units**

**Integrated Steel Plants**

1. Bhilai Steel Plant (BSP) in Chhattisgarh
2. Durgapur Steel Plant (DSP) in West Bengal
3. Rourkela Steel Plant (RSP) in Orissa
4. Bokaro Steel Plant (BSL) in Jharkhand

**Special Steel Plants**

- Alloy Steels Plants (ASP) in West Bengal
- Salem Steel Plant (SSP) in Tamil Nadu
- Visvesvaraya Iron and Steel Plant (VISL) in Karnataka

**Subsidiaries**

1. Indian Iron and Steel Company (IISCO) in West Bengal
2. Maharashtra Elektrosmelt Limited (MEL) in Maharashtra
3. SAIL Power Supply Company Limited (SPSCL) in New Delhi
4. Bhilai Oxygen Limited (BOL) in New Delhi

**Other Units**

1. Raw Materials Division (RMD) in Calcutta, West Bengal
2. Central Marketing Organisation (CMO) in Calcutta, West Bengal

3. SAIL Consultancy Division (SAILCON) in New Delhi

4. Research and Development Centre for Iron and Steel (RDCIS) at Ranchi, Jharkhand

5. Centre for Engineering and Technology (CET) at Ranchi, Jharkhand

6. Management Training Institute (MTI) at Ranchi, Jharkhand

7. SAIL Safety Organisation at Ranchi, Jharkhand

8. Environment Management Division (EMD) in Calcutta, West Bengal

9. Growth Division (GD) in Calcutta, West Bengal

10. Central Power Training Institute in Rourkela, Orissa

Ownership and Management

The Government of India owns about 86% of SAIL's equity and retains voting control of the Company. However, SAIL by virtue of its "Navranta" status, enjoys significant operational and financial autonomy.

Restructuring

SAIL is currently in midst of a major restructuring to enable it to become one of lowest cost steel producers internationally.

The shares of Steel Authority of India Limited was disinvested in five phases between 1991-92 to 1995-96. During 1991-92 the share capital of sail was disinvested by 4.99% & again during 1992-93 by 5.52%. During next three financial years that is 1993-94, 1995-96 and 1995-96 the share of sail were
disinvested by 0.04\%, 0.41\% and 0.11\% respectively. As a result 11.07 shares of SAIL has been disinvested.\textsuperscript{12}

The required financial data of SCIL has been compiled a table 5.5 below:

### Table 5.5

**ACTUAL PERFORMANCE OF SAIL**

(Rs. In Crores)

<table>
<thead>
<tr>
<th>Years</th>
<th>Equity Capital</th>
<th>Net worth</th>
<th>Turnover</th>
<th>PBIT</th>
<th>PAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>4130</td>
<td>7998</td>
<td>14131</td>
<td>1767</td>
<td>515</td>
</tr>
<tr>
<td>1997-98</td>
<td>4130</td>
<td>8489</td>
<td>14624</td>
<td>1703</td>
<td>133</td>
</tr>
<tr>
<td>1998-99</td>
<td>4130</td>
<td>6886**</td>
<td>14994</td>
<td>407</td>
<td>-1574*</td>
</tr>
<tr>
<td>1999-00</td>
<td>4130</td>
<td>4765**</td>
<td>16250</td>
<td>69</td>
<td>-1720*</td>
</tr>
<tr>
<td>2000-01</td>
<td>4130</td>
<td>4165**</td>
<td>16233</td>
<td>1023</td>
<td>-729*</td>
</tr>
</tbody>
</table>

*Source:* Compiled from various annual reports of SAIL.

*Note:* * From 1998-99 onward the company ran into net losses rather than yielding any profit.

**Net worth in later years decreased due to losses which usurped the company’s reserves.*
As per Table 5.5 the capital of SAIL remained at Rs. 4130 crore throughout the period of study. As far as net worth is concerned, the company's position was on a very bad. Net worth of SAIL, which was Rs. 7998 crore during 1996-97, rose to Rs. 8489 crore during 1997-98, and thereafter it started to fall. It decreased to Rs. 6886 crore during 1998-99, Rs. 4765 crore during 1999-00, and finally to Rs. 4165 crore during 2000-01. The company had performed very poorly on the aspect of net worth.

Turnover of the SAIL kept on increasing during the first four years of study, where it slightly declined during the last year. PBIT showed a very poor performance of SAIL. During 1998-99 to 1999-00, the PBIT of the company continuously declined. Moreover, the decline was very sharp during 1998-99 & 1999-00. However, it increased during 2000-01. It showed that the company had recovered to some extent.

PAT of the company went into negative during the last three years. It means the company had suffered net losses during 1998-99, 1999-00, & 2000-01.

Overall, it can be said that the company's performance had deteriorated after its disinvestment.

Ratio analysis of SAIL

The required ratios of SCIL have been made in Table 5.5 below:
Table 5.5A

CALCULATION OF VARIOUS RATIOS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn over to net worth ratio</td>
<td>176.68</td>
<td>172.27</td>
<td>217.74</td>
<td>341.03</td>
<td>389.75</td>
</tr>
<tr>
<td>PBIT to networth</td>
<td>22.09</td>
<td>20.06</td>
<td>5.91</td>
<td>1.49</td>
<td>24.56</td>
</tr>
<tr>
<td>PBIT to turnover</td>
<td>12.50</td>
<td>11.64</td>
<td>2.71</td>
<td>0.42</td>
<td>6.30</td>
</tr>
<tr>
<td>PAT to equity</td>
<td>12.47</td>
<td>3.22</td>
<td>-38.11</td>
<td>-41.65</td>
<td>-17.65</td>
</tr>
<tr>
<td>PAT to net worth</td>
<td>6.44</td>
<td>1.57</td>
<td>-22.85</td>
<td>-36.09</td>
<td>-17.50</td>
</tr>
</tbody>
</table>

Source: - compiled from table 5.5 above.

Note: - Negative ratio indicates losses suffered by company during that years.
Chart 21 Turn Over to Net Worth ratio of SAIL
Chart 22 PBIT to Networth ratio of SAIL

PBIT to Networth

1997-98 1998-99

Years

1999-00 2000-01

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Chart 23: PBIT to Turn Over Ratio of SAIL

Year | Percentage
--- | ---
1996-97 | 12
1997-98 | 14
1998-99 | 8
1999-00 | 0
2000-01 | 6

PBIT to turnover
Chart 24 PAT to equity ratio of SAIL


Percentage: -50 to -10
Chart 25 PAT to net worth ratio of SAIL

Year

1. Turn over to Net worth Ratio

Table 5.5A and bar chart 21 above, reveal that the turnover to net worth ratio of SAIL is improving continuously since 1997-98. During 1996-97 this ratio 176.68%, which slightly fell down to 172.27% during 1997-98. But there it is going on improving year after year and during 1998-99 it stood as 200.74% and during 1999-00 at 341.03% and during 2000-01 the same was 389.75%.

From the above observation it is noted that far the last three years this ratio is continuously and significantly improving.

Though the expected value of this ratio from a good company is about 400%, in case of SAIL it is only reached during 2000-01 that the company reached near to it. Though SAIL turnover to net worth ratio has increased, but the reason behind this is decrease in net worth of the company due to losses suffered by it during the three years of the period of study. The turnover of the company has increased but the net worth has decrease which is not a good sign for the company.

On observing the table 5.5A the company’s performance on this aspect seems to be very good, but if the decreases in net worth is notice as shown in table 4.5 above than the opinion about the company has to be reversed.

2. PBIT to Net worth

Table 5.5A and bar chart 22 above reveal that PBIT to net worth ratio of SAIL has kept on fluctuating during the period of study, some time becoming significant, some times insignificant.
During 1996-97 the value of PBIT to net worth was 22.09%, during 1997-98 was 20.06%. Suddenly during 1998-99 it dipped to 5.91% and which further decreased to 1.49% during 1999-00. During 2000-01 it improved a lot to reach at a level of 24.56%.

The above observations make out that this ratio formed U shape trend with very high level of fluctuating.

The expected value of this ratio from a good company is about 25% and be observed that SAIL was able only to reach nearly to it only during last years and during initial year of study, but in the middle year’s it was significantly less to it.

Over all it can be concluded that the company has never been performing very adequately and that 1998-99 and 1999-00 SAIL’s performance was very poor. During 2000-01 PBIT to net worth is as high as 24.56% but this is due to decrease in the net worth of the company which is not a sign of good performance by the company. As a result it can be concluded that company performance’s during the last three years is not satisfactory.

3. PBIT to Turnover Ratio

Table 5.5 A and bar chart 23 above, reveal that PBIT to turn over of SAIL was 12.50 % during 1996-97, 11.64% during 1997-98, 2.71% during 1998-99, only 0.42% 1999-00 and 6.30% during 2000-01.

From the above it is observed that this ratio has kept on fluctuating during the period of study i.e. during 1996-97 to 2000-01.
The expected value of this ratio from a reasonable good company 20%, but the table 4.5%A and the above discussion reveal SAIL has never been able to reach that level rather its value on this account was kept on fluctuating and was as low as 2.71% during 1998-99 and 0.42% during 1999-00.

Overall it can be concluded that during all the years of study after disinvestment, SAIL has never performed adequately as far as this aspect is concerned.

4. PAT to Equity Ratio

Table 5.5A and bar chart 24 above, reveal that PAT to equity ratio of SAIL has fluctuated widely during the period of study. During 1996-97 it was 12.47%, during 1997-98 it was 3.22% during 1998-99 it went into negative due to net losses suffered by the company and during remaining period the company could not recover and earned profit. As a result its PAT to equity ratio is shown by negative sign in the table 4.5A. As per this table during 1998-99 this ratio was -38.11% and during 1999-00 it was -41.65%, which though improved yet remained negative at 17.65% during 2000-01.

It is observed from the table 4.5A and above discussion it can be concluded that SAIL performance has worsened after its disinvestment and it had failed to earned any profit during the last three years of period of study during last three years PAT to equity ratio is in negative hence its performance of this account is totally failure.

5. PAT to Net worth Ratio

PAT to net worth ratio of any company indication of the company, and this profitability induces the prospective investor in the company.
From table 5.5A and bar chart 25 above, it is found that PAT to net worth ratio SAIL has remained unsatisfactory during the period of study, especially during the last three years. As per the table 4.5A during 1996-97 this ratio 6.44%, which decreased to 1.57% during 1997-98 and further decreased to -22.85% during 1998-99 and to -36.09% during 1999-00. During the last year it recovered to 17.50%.

This ratio is never been to 10% which is required from a reasonable good company. SAIL cannot induces to any investor to by its shares because its PAT to net worth is a negative during last three years of period of study.

So overall it can be concluded that in absolute term the company is performing very bad as far as this aspect is concerned. The negative value of this ratio during the last years is a matter of concern.

From the observation of the table 5.5, 5.5A and bar charts 21 to 25, the overall conclusion about the performance of sail is very disgusting. The company show losses during the last three years and if some other constructive steps are not taken to save the SAIL, disinvestment will not, any way improve the performance of the company.

Overall evaluation of performance of studied PSE’s.

From the above analysis of the performance of the studies PSE’s, it can be concluded that, it has presented a dismal picture when seen is totally.

The study reveals that out of the 5 companies studies, expect BPCL all the remaining 4 companies have deteriorated its performance after their respective
disinvestment. In case of BHEL, it can be said that it performed well immediately after disinvestment and also its performance is not very bad day, but certainly also not improved over the year from 1996-97 to 2000-01.

So, disinvestment though initially proved to be benefited but overall till date there is not gain of disinvestment in its performance.

BEML has not performed well during the entire period of study its performance went on deteriorating each year continuously and which never recovered. Thus showing that rather there is a negative impact on its performance after its disinvestment.

In case of SCIL, it has shown a fluctuating performance after its disinvestment. Its performance never on all aspects considered is noted to be adequate, though remained fluctuating during all the year 1996-97 to 2000-01. Particularly SCIL is also expected to perform very well.

Of the all the 5 company studied, the performance of SAIL has been observed to be the worst. It has performed negatively on all the studied expect after its disinvestment. More over on many fronts its performance has been noted to be rather negative. Thus, its overall performance during 1996-97 to 2000-01 was very disgusting. If some constructive steps are not taken disinvestment will not any way improve the performance of the company.

Out of all 5 companies studied, their performance analysis depict that only the company BPCL has performance evaluation has been taken.
BPCL has not only improved its performance over the year 1996-97 to 2000-01, but also the same is continuously improving year by year its PBIT to turn over 1996-97 to 2000-01. but also the same is continuously improving year by the year and in particular its PBIT to turn over has shown tremendously favorable trend. The adequacy of its performance can also be noted from the fact that disinvestment 2000-01 the company made a bonus issue of 1:1 which is certainly on indicator of good performance of the company.

One more point which the researcher has observed from the past data of BPCL and also has emerged from the discussion with the expect that BPCL had been keeping the above stated treads even periods to disinvestment.

Over all conclusions from the present study is that there is no major impact of disinvestment on the performance of a majority of companies. The companies which have been performing well even before disinvestment those have continued the trend and the companies performing poorly before disinvestment have all improved even after disinvestment.

Hence, overall conclusion is that disinvestment has neither played a favorable role nor an unfavorable role. Hence disinvestment has not affected the performance of majority of the companies.
REFERENCES


9. Ibid.

10. Ibid.

11. Ibid.

12. Ibid.