

IMPACT OF DISINVESTMENT ON THE FINANCIAL PERFORMANCE OF THE BUSINESS: A CASE STUDY ON BALCO

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ABSTRACT

The current trend of privatization has come after a long period that was portrayed by nationalism and development in the size of the public sector in the economies around the world. In industrialized countries, state possession was seen as the solution for business sectors disappointments, for example, externalities and monopoly, which around then were viewed as widespread. In developing nations, these legitimizations were combined with contentions that SOEs encouraged economic independence and planned development. There was an unmistakable pattern towards more prominent dependence on public proprietorship until the last quarter of the twentieth century. The liquidity and profitability are the two most important factors which keeps a company running and achieving its target. Bharat Aluminium Co. Ltd (BALCO) was struggling to maintain its financial viability throughout the study period of 2005–06 to 2014–15. The study focuses on the financial performances of the company and would try to establish a relationship between key financial ratios and would try to come with an answer about its financial performance post the disinvestment saga. The study period covers ten year data from 2005–06 to 2014–15. For analyzing financial ratios were used and some statistical techniques were employed.

KEYWORDS: Financial Ratios, Statistical Tools, Post Disinvestment, Performance.

Introduction

Bharat Aluminium Co. Ltd.(BALCO) was set up in 1965 in Korba in Madhya Pradesh for the manufacture and sale of Aluminium metal including wire rods and semi- fabricated product such as Extrusions, Sheet/Coils and Foils. Subsequently, the company was asked to take over a sick unit in Bidhanbag (West Bengal) in 1984 which added to the downstream facilities in sheets, foils and alloy rods. The production capacities and plant utilization levels are shown in table 4.1 below.

Table 1: Production Capacities and Plant Utilization Levels

	Korba	Bidhanbag
Production (MT)	91,240	3,134
Capacity Utilization		
Wire Rods	93%	21%
Sheets/Coils	80%	34%
Foils		21%

The Company's paid up equity was Rs 488 crores as at March 31, 1996. There has been no disinvestment so far in BALCO.

BALCO's performance has shown considerable improvement in the past few years due to a number of reasons. Primarily, BALCO's product mix consists of lesser low value products such as ingots and conductor rods as against its competitors. However, the company is unable to capitalize a favorable product mix due to inappropriate quality and /or pricing. Hence the product price increase of downstream products is much lesser than that of competitors.

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Financial Analysis

The performance of BALCO has shown a steady improvement partly due to the improved outlook of the industry and also due to improved levels of operation. The sales realization has improved significantly due to the increase in the prices of aluminium on the LME. The effect on profit has been accentuated by a reduction in interest cost through retirement of Rs. 140 crores of debt between the years 2004 – 05. All these factors have contributed to an increase in the earnings per share of the company from an insignificant level.

Financial Performance

The Financial performance of a company should be sturdy enough to meet the changing market conditions. Since the liberalization period, many new players have entered the market, hence giving a competition to state run enterprises in the region of quality and technology. Post disinvestment the situation of BALCO was in a state of recovery which it slowly and steadily tried to improve, passing each quarter. This can be accessed from the fact that the management recognized and acted upon the changing market scenarios and taking judicious decisions at the right time. The management focused on improving the financial performance of the company.

Financial performance indicates about the abundances of momentary resources which can be moved by a company for dealing with short term obligations. A Ratio lower than 1 is an indicator of negative working capital and a alarming situation for the company. While positive/adequate working capital is normally demonstrated by a proportion between 1:2 and 2:0. Anything surpassing 2 for the most part demonstrates there are over abundance of assets that are not being properly utilized by the organization and hence addresses missed business opportunities.

The company might be in a tough situation if their current assets don't surpass the liabilities. Working capital additionally gives an image of the productivity of the company. Cash that is locked in the market, stock or in the possession of clients who have not settled their dues, won't be viewed as reasonable with regards to efficiency of the management. Where organizations are experiencing a negative working capital position, they can improve its condition through credit extension from a money supplier.

In the past a bank would help organizations through short cash incentives with an advance or overdraft expansion, however since the credit crash of 2008 it has become a lot harder to get bank finance. For organizations searching for working capital support, Market Finance can give an adaptable credit support through its online receipt finance item.

Review of Literature

Rani, Geeta, (2016) opinioned that, disinvestment is a tool of government to eliminate the wastage of currency. The paper focused on problems and its effect on their business. The paper also discussed about new ways of cashless transactions.

Singh, Dr. Partap and Singh, Virender, December 2016 purports that money is a vital part in a economy. From India's point of view cash is the heart of our economy, but to survive and to differ hoarders this has to be changed and a new outlook or approach as to be taken.

Aneja, Dr. Puneet, 4, April 2016, opinioned that, there is lot of potential growth in the manufacturing sector, as India have lot of labour pool it has the opportunity to take some share of global manufacturing away from China. He proposed that India needs to improve the simplicity of working together, stop charge psychological oppression, improve framework, change work laws, interest in aptitude advancement, transparency in administration, liberalized government policies.

Kaur, Harpreet, Jan – Feb 2016, explained that there is lot of work to be done in providing the ease to the investors in areas like starting a business, dealing with construction permits, payment of taxes, enforcing contracts, etc. A business – friendly environment is a base for the growth of an economy. So the government of India is required to address the various issues that creates hurdles in the way of the growth of the manufacturing sector for making "Make in India" a success.

Ramana, Dr. T. V., April – June, 2015 analyzed and exhibited that there are two dimensions in the concept of Make in India. One side has optimistic nature which expects more investment by free flow of capital. On the other side, he has criticized as the economy, has adopted what look like neo – Nehruvian ideas. He opinioned that if these measures are taken, then investors from everywhere will be interested in doing business in India.

Justification of the Study

Financial performance although is not a new term, we can trace back its root from developing the core areas like industries and infrastructure and improving the dilapidated sectors. The decision making process is incomplete without these two. But the main cause is to understand the importance of these two that can huge impact on the future prospects of the company. The study justifies through the case of BALCO where the company failed to capture the opportunities that came even after having the resources to utilize those opportunities. .

Objectives of the Study

This study as the following objectives:

- To study the working capital management
- To know the relationship between liquidity and profitability.

Limitations of the Study

As the reports are mainly based on secondary data; the following limitations are expected to be part of the required study:

- As the concept of exhaustively covered there is lack of availability of reliable data.
- As the disinvestment drive was implemented the data are mainly based on secondary resources collected from various resources thus limiting its reliability.
- The analysis is based on current available data which can be varying due to demographic accessibility.
- According to the necessity of the investigation a few information has been assembled and sub gathered.

Hypothesis of the Study

H₀: There is no significant difference between the relationship of liquidity and profitability on the financial performance of BALCO.

H_A: There is significant difference between the relationship of liquidity and profitability on the financial performance of BALCO

BALCO: Brief Profile

The aluminium industry in India can be divided into two segments: primary aluminium manufacturers and secondary fabrication units. Primary aluminium can be sold in the form of ingots, billets and slabs. The secondary fabrication units process aluminium metal produced by the primary producers to manufacture three main categories of value added products: redrawn rods, rolled products and extrusions. The product manufactures have additional option of using imported aluminium under OGL.

The main primary producers of aluminium in India are National Aluminium Co. Ltd. (BALCO), Hindalco Industries Ltd (HIL), BALCO and Indian Aluminium Co. (INDAL). Out of these the first three account for 90% of the total domestic output.

The industry structure in the primary segment is oligopolistic in nature due to high entry barriers such as high capital cost, restricted access to technology and long gestation periods. However, with the lowering of the imported duties since 1992, the domestic prices of aluminium re strongly linked to the prices on the London Metal Exchange (LME) and hence the primary market may be considered to be competitive in spite of a limited number of players.

The industry structure in the secondary value added segment is fragmented with a large number of secondary producers (including BLCO) spread across the country.

The threat of substitutes has a bearing on the demand for aluminium products and this in turn limits the margins for both primary as well as secondary producers.

Process and Technology

Aluminium is manufactured by refining bauxite and then processing the refined intermediary (alumina) in a smelter to extract aluminium. The process of producing alumina from bauxite is dependent on the nature of the ore.

The reduction of alumina into aluminium is carried out in electric smelters. There are two technologies available for the reduction of alumina viz., the more recent and advanced pre-baked anode process and older Sodeberg process. Though there has been a shift technology, it may be noted that the process technology for manufacture is not likely to exhibit significant changes. Improvements, if any will be gradual and can be easily sourced from other countries.

Demand- Supply

Aluminium's varied properties make it suitable for diverse applications. The increase in application and rationalization of duties are expected to be the key determinants for demand in the future. The major consuming sectors for aluminium and their expected growth rates in the medium term are as follows:

Table 2: Sector wise Consumption Levels

Sector	Share FY 1996	Growth rate*
Electrical	34%	8%
Transport	22%	10%
Consumer Durable	11%	10%
Packaging	11%	15%
Building % Construction	8%	6%
Industrial	8%	7%
Others	6%	6%
Total	100%	9.1%

Based on the existing capacities of the four major players as well as their on-going and proposed capacity expansions, the demand supply gap is as projected below:

Table 3: Demand Supply Gap

(MT)	FY 96E	FY 97P	FY98P	FY99P	FY2000 P
Total demand	5,60,135	6,10,690	6,66,557	7,27,214	7,93,390
Total supply	5,29,000	5,49,000	5,90,000	6,25,000	6,45,000
Surplus/ deficit	(31,135)	(61,690)	(75,557)	(1,02,214)	1,48,390)

The supply by domestic aluminium producers even at their full capacity will not be enough to meet the total demand and hence secondary producers and other producers would have to import metal.

Global Scenario and India's Position

India has 12% of the world's reserve of bauxite but produces only 3% of the aluminium in the world. Despite higher power tariff prevailing in the country, domestic procedures measure up to global standards due to captive power plants and low cost of bauxite. The sectoral usage of aluminium is quite different in India when compared with global usage patterns.

Table 4: Sectoral usage of Aluminum: India Vs Global

Sector	India	Global
Electrical	34	8
Transport	22	27
Consumer Durable	11	9
Packaging	11	22
Building & Construction	8	20
Industrial	8	8
others	6	6

The difference in the usage patterns can be ascribed to the Aluminium Control Order which stipulates that 50 % of the aluminium produced in the country had to be reserved for the electrical sector. This had led to a lopsided consumption pattern. With the abolition of the Control Order in 1989, the growth of consumption in other sectors has picked up and trend is towards replicating the international pattern.

Internationally, prices have fallen in 1996 due to the decline in copper prices as aluminium prices are strongly linked with the prices of copper. With no fresh additions to smelter capacity, the price of aluminium is likely to be sustained and even witness an upward trend in the medium term.

Key Success factors in Aluminium Industry

- **Availability of Raw Materials:** The availability of good bauxite ore in close proximity to the smelter will greatly determine the cost of production.
- **Captive Power:** Since power forms as much as 35% of the manufacturing cost, uninterrupted power supply in the form of captive power is key success factor.
- **Vertically Integrated Operations:** Primary aluminium producing companies with a presence in the value added segment have a competitive advantage in terms of higher margins. In addition, nearness of the fabrication facilities to the consuming markets will determine freight costs.

The Balance Sheet highlights that the shareholders’ fund have increased steadily throughout the study period i.e. from 2005 – 06 to 2014 – 15. Long Term borrowings can be found nil throughout the period. Although long term provisions were not there for the first year years of the study period but which steadily increase from the later period. This indicates the company was averse of the coming situation and diverted 17% of its non – current liabilities to long term provisions.

If the assets side is considered then a steady rise in current assets can be seen, this might be assessed from the fact that the management have better strategies to work upon.

When the profit and loss account is analyzed, it can be seen that the revenue part has being steadily rising till the end of the study period, thus suggesting that the management was following well diverse strategies. Although it has to be considered that the cost of material too increased steadily during the study period. The growth of their shares can be seen from the chart mentioned in Fig. 1 below

Figure 1: Growth Rate of BALCO on the Scale of 10 Years

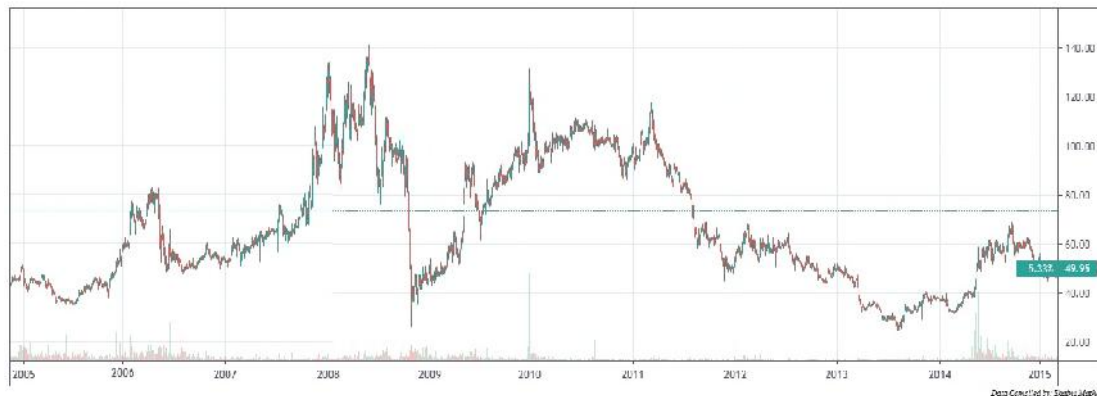


Figure 1 clearly indicates the rise and fall of its share prices over the study period which can be accessed from the fact that the rise and fall were depended upon market commodities of similar nature.

Liquidity and Profitability

If we take into consideration the growth rate of BALCO at the initial years after the disinvestment was bleak and the company struggled but with better management decisions the company started to perform better in financial arena. This can be seen through the calculation of key financial ratios mentioned in table 5 below. The management decisions moderately helped to capitalize opportunity available in their hands thus developing public confidence. The situation of BALCO was getting conducive for growth due to the management prognosticating approach.

To understand the performance of the company the following ratios were used:

Table 5: Calculation of Key Financial Ratios of BALCO form the 2005 – 06 to 2014 – 15

Key Financial Ratios of Bharat Aluminium Company (in Rs. Cr.)										
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Per Share Ratios										
Basic Eps (Rs.)	24.25	36.96	25.32	19.75	12.64	4.15	3.3	2.3	2.49	5.13
Revenue From Operations / Share (Rs.)	76.84	94	79.84	81.04	80.47	23.5	25.65	26.84	26.31	28.65

PBDIT/Share (Rs.)	43.61	61.71	43.99	35.18	24.01	7.55	6.55	5.5	5.79	9.23
PBIT/Share (Rs.)	37.76	56.96	39.63	30.95	19.06	5.91	4.74	3.54	3.75	7.62
PBT/Share (Rs.)	37.25	56.28	38.68	29.7	17.74	5.91	4.65	3.51	3.56	8.2
Net Profit/Share(Rs.)	24.25	36.96	25.32	19.75	12.64	4.15	3.3	2.3	2.49	5.13
Profitability Ratios										
PBT Margin (%)	48.47	59.87	48.44	36.64	22.04	25.15	18.11	13.08	13.53	28.62
Net Profit Margin (%)	31.55	39.31	31.71	24.36	15.7	17.65	12.84	8.57	9.47	17.9
Return On Net worth / Equity (%)	26.51	30.94	18.38	13.02	7.83	9.57	7.25	4.96	5.29	10.32
Return On Capital Employed (%)	23.73	28.42	17.09	12.15	7.28	8.81	6.61	4.52	4.82	9.3
Return On Assets (%)	20.76	24.81	14.71	10.26	6.07	7.15	5.47	3.63	3.88	8.17
Asset Turnover Ratio (%)	65.81	63.11	46.41	42.1	38.69	40.51	42.59	42.36	40.97	45.63
Liquidity Ratios										
Current Ratio (X)	3.51	4.08	3.27	2.34	2.35	2.41	2.62	2.2	2.29	3.92
Quick Ratio (X)	2.88	3.56	2.83	1.91	1.92	2.03	2.17	1.77	1.93	3.33
Inventory Turnover Ratio (X)	8.37	9.54	7.49	6.2	5.49	5.66	5.45	5.01	5.78	6.33
Dividend Payout Ratio (Np) (%)	20.62	20.29	23.69	25.32	19.78	24.1	30.33	54.34	60.18	34.12

Source: Money Control website

Table 5 clearly indicates the performance parameters of BALCO over the years starting from 2005 – 06 to 2014 – 15. The earnings per share was better at the beginning but later on the volatility of it increased till the end of the study period 2014 – 15. The Revenue from operations showcased a downfall trend which clearly states that although the company had the resources which can be observed from Table 1, the management was not able to utilize the full potential of the available resources.

If we look into the probability ratios we find a mixed trend. The indicators point that even when the profit before depreciation, interest and tax was stable through the study period, the returns were showing a different picture. The Return on Net worth drastically declined through the study period. The same indication can be seen from Return on Equity and Return on Assets. This shows that the expected return to the shareholders was below their expectations.

The liquidity ratios have maintained a steady pace throughout the study period. Although it cannot be termed as effective but the trend of the Returns it provides a hopeful situation at the hands of the management. The management has sufficient Working Capital at their hands which can be utilized with proper planning and coordination.

If the statistical analysis is made of the figures mentioned in table 4 an interesting picture surfaces.

Table 6: Calculation of Mean, Standard Deviation and Co-efficient of Variation of Per Share Ratios

Per Share Ratios						
	Basic EPS (Rs.)	Revenue from Operations / Share (Rs.)	PBDIT/ Share (Rs.)	PBIT/Share (Rs.)	PBT/Share (Rs.)	Net Profit/ Share (Rs.)
2005-06	24.25	76.84	43.61	37.76	37.25	24.25
2006-07	36.96	94	61.71	56.96	56.28	36.96
2007-08	25.32	79.84	43.99	39.63	38.68	25.32
2008-09	19.75	81.04	35.18	30.95	29.7	19.75
2009-10	12.64	80.47	24.01	19.06	17.74	12.64
2010-11	4.15	23.5	7.55	5.91	5.91	4.15
2011-12	3.3	25.65	6.55	4.74	4.65	3.3
2012-13	2.3	26.84	5.5	3.54	3.51	2.3
2013-14	2.49	26.31	5.79	3.75	3.56	2.49
2014-15	5.13	28.65	9.23	7.62	8.2	5.13
Mean	13.63	54.31	24.31	20.99	20.55	13.63
Standard Deviation	11.63	28.46	19.49	18.16	17.82	11.63
Coefficient Variation	0.85	0.52	0.80	0.87	0.87	0.85
Covariance	135.35	810.12	379.73	329.74	317.45	135.35

Table 6 provides the mean of EPS which stands at 13.63 and the standard deviation at 11.63, the co-efficient variation stands at 0.85 and the covariance stands at 135.35. The mean of Revenue from Operation stands at 54.31 and the standard deviation at 28.46, the co-efficient variation stands at 0.52 and the covariance stands at 810.12. The mean of PBDIT stands at 24.31 and the standard deviation at 19.49, the co-efficient variation stands at 0.80 and the covariance stands at 379.73. The mean of PBIT stands at 20.99 and the standard deviation at 18.16, the co-efficient variation stands at 0.87 and the covariance stands at 329.74. The mean of PBT stands at 20.55 and the standard deviation at 17.82, the co-efficient variation stands at 0.87 and the covariance stands at 317.45. The mean of Net Profit stands at 13.63 and the standard deviation at 11.63, the co-efficient variation stands at 0.85 and the covariance stands at 135.35.

Table 7: Calculation of Mean, Standard Deviation and Co-efficient of Variation of Per Share Ratios

Profitability Ratios						
	PBT Margin (%)	Net Profit Margin (%)	Return on Net worth / Equity (%)	Return on Capital Employed (%)	Return on Assets (%)	Asset Turnover Ratio (%)
2005-06	48.47	31.55	26.51	23.73	20.76	65.81
2006-07	59.87	39.31	30.94	28.42	24.81	63.11
2007-08	48.44	31.71	18.38	17.09	14.71	46.41
2008-09	36.64	24.36	13.02	12.15	10.26	42.1
2009-10	22.04	15.7	7.83	7.28	6.07	38.69
2010-11	25.15	17.65	9.57	8.81	7.15	40.51
2011-12	18.11	12.84	7.25	6.61	5.47	42.59
2012-13	13.08	8.57	4.96	4.52	3.63	42.36
2013-14	13.53	9.47	5.29	4.82	3.88	40.97
2014-15	28.62	17.9	10.32	9.3	8.17	45.63
Mean	31.40	20.91	13.41	12.27	10.49	46.82
Standard Deviation	15.45	9.88	8.57	7.80	6.93	9.10
Coefficient Variation	0.49	0.47	0.64	0.64	0.66	0.19
Covariance	238.57	97.54	73.45	60.87	48.04	82.78

Table 7 provides the mean of PBT Margin which stands at 31.40 and the standard deviation at 15.45, the co-efficient variation stands at 0.49 and the covariance stands at 238.57. The mean of Net Profit Margin stands at 20.91 and the standard deviation at 9.88, the co-efficient variation stands at 0.47 and the covariance stands at 97.54. The mean of Return on Net Equity stands at 13.41 and the standard deviation at 8.57, the co-efficient variation stands at 0.64 and the covariance stands at 73.45. The mean of Return on Capital Employed stands at 12.27 and the standard deviation at 7.80, the co-efficient variation stands at 0.64 and the covariance stands at 60.87. The mean of Return on Assets stands at 10.49 and the standard deviation at 6.93, the co-efficient variation stands at 0.66 and the covariance stands at 48.04. The mean of Asset Turnover Ratio stands at 46.82 and the standard deviation at 9.10, the co-efficient variation stands at 0.19 and the covariance stands at 82.78.

Table 8: Calculation of Mean, Standard Deviation and Co-efficient of Variation of Liquidity Ratios

Liquidity Ratios				
	Current Ratio (X)	Quick Ratio (X)	Inventory Turnover Ratio (X)	Dividend Payout Ratio (NP) (%)
2005-06	3.51	2.88	8.37	20.62
2006-07	4.08	3.56	9.54	20.29
2007-08	3.27	2.83	7.49	23.69
2008-09	2.34	1.91	6.2	25.32
2009-10	2.35	1.92	5.49	19.78
2010-11	2.41	2.03	5.66	24.1
2011-12	2.62	2.17	5.45	30.33
2012-13	2.2	1.77	5.01	54.34
2013-14	2.29	1.93	5.78	60.18
2014-15	3.92	3.33	6.33	34.12
Mean	2.9	2.4	6.5	31.3
Standard Deviation	0.69	0.62	1.39	13.74
Coefficient Variation	0.24	0.26	0.21	0.44
Covariance	0.47	0.39	1.94	188.73

Table 8 provides the mean of Current Ratio which stands at 2.9 and the standard deviation at 0.69, the co-efficient variation stands at 0.24 and the covariance stands at 0.47. The mean of Quick Ratio stands at 2.4 and the standard deviation at 0.62, the co-efficient variation stands at 0.26 and the covariance stands at 0.39. The mean of Inventory Turnover Ratio stands at 6.5 and the standard deviation at 1.39, the co-efficient variation stands at 0.21 and the covariance stands at 1.94. The mean of Dividend Payout Ratio stands at 31.3 and the standard deviation at 13.74, the co-efficient variation stands at 0.64 and the covariance stands at 60.87. The mean of Return on Assets stands at 10.49 and the standard deviation at 6.93, the co-efficient variation stands at 0.44 and the covariance stands at 188.73.

Testing of Hypothesis

For analysis of the financial performance, the Return on Capital employed has been paired with Current Ratio, Quick Ratio and Inventory Turnover Ratio. Return on Net worth has been paired with Current Ratio, Quick Ratio and Inventory Turnover Ratio. Return on Assets has been paired with Current Ratio, Quick Ratio and Inventory Turnover Ratio

Table 9: Return on Net Worth and Current Ratio

	Return on Net worth / Equity (%)	Current Ratio (X)
2005-06	26.51	3.51
2006-07	30.94	4.08
2007-08	18.38	3.27
2008-09	13.02	2.34
2009-10	7.83	2.35
2010-11	9.57	2.41
2011-12	7.25	2.62
2012-13	4.96	2.2
2013-14	5.29	2.29
2014-15	10.32	3.92
Mean	8.15	
Standard Deviation	8.04	
Coefficient Variation	0.99	
Variance	64.57	

The Calculated T-test value of the above comes to $p = 0.003547$

Table 10: Return on Net Worth and Quick Ratio

	Return on Net worth / Equity (%)	Quick Ratio (X)
2005-06	26.51	2.88
2006-07	30.94	3.56
2007-08	18.38	2.83
2008-09	13.02	1.91
2009-10	7.83	1.92
2010-11	9.57	2.03
2011-12	7.25	2.17
2012-13	4.96	1.77
2013-14	5.29	1.93
2014-15	10.32	3.33
Mean	7.92	
Standard Deviation	8.19	
Coefficient Variation	1.03	
Variance	67.03	

The Calculated T-test value of the above comes to $p = 0.002833$

Table 11: Return on Net Worth and Inventory Turnover Ratio

	Return on Net worth / Equity (%)	Inventory Turnover Ratio (X)
2005-06	26.51	8.37
2006-07	30.94	9.54
2007-08	18.38	7.49
2008-09	13.02	6.2
2009-10	7.83	5.49
2010-11	9.57	5.66
2011-12	7.25	5.45
2012-13	4.96	5.01
2013-14	5.29	5.78
2014-15	10.32	6.33
Mean	9.97	
Standard Deviation	7.04	
Coefficient Variation	0.71	
Variance	49.51	

The Calculated T-test value of the above comes to $p = 0.01874$

Table 12: Return on Capital Employed and Current Ratio

	Return on Capital Employed (%)	Current Ratio (X)
2005-06	23.73	3.51
2006-07	28.42	4.08
2007-08	17.09	3.27
2008-09	12.15	2.34
2009-10	7.28	2.35
2010-11	8.81	2.41
2011-12	6.61	2.62
2012-13	4.52	2.2
2013-14	4.82	2.29
2014-15	9.3	3.92
Mean	7.59	
Standard Deviation	7.26	
Coefficient Variation	0.96	
Variance	52.64	

The Calculated T-test value of the above comes to $p = 0.003866$

Table 13: Return on Capital Employed and Quick Ratio

	Return on Capital Employed (%)	Quick Ratio (X)
2005-06	23.73	2.88
2006-07	28.42	3.56
2007-08	17.09	2.83
2008-09	12.15	1.91
2009-10	7.28	1.92
2010-11	8.81	2.03
2011-12	6.61	2.17
2012-13	4.52	1.77
2013-14	4.82	1.93
2014-15	9.3	3.33
Mean	7.35	
Standard Deviation	7.41	
Coefficient Variation	1.01	
Variance	54.84	

The Calculated T-test value of the above comes to $p = 0.003008$

Table 14: Return on Net on Capital Employed Turnover Ratio

	Return on Capital Employed (%)	Inventory Turnover Ratio (X)
2005-06	23.73	8.37
2006-07	28.42	9.54
2007-08	17.09	7.49
2008-09	12.15	6.2
2009-10	7.28	5.49
2010-11	8.81	5.66
2011-12	6.61	5.45
2012-13	4.52	5.01
2013-14	4.82	5.78
2014-15	9.3	6.33
Mean	9.40	
Standard Deviation	6.30	
Coefficient Variation	0.67	
Variance	39.64	

The Calculated T-test value of the above comes to $p = 0.02544$

Table 15: Return on Assets and Current Ratio

	Return on Assets (%)	Current Ratio (X)
2005-06	20.76	3.51
2006-07	24.81	4.08
2007-08	14.71	3.27
2008-09	10.26	2.34
2009-10	6.07	2.35
2010-11	7.15	2.41
2011-12	5.47	2.62
2012-13	3.63	2.2
2013-14	3.88	2.29
2014-15	8.17	3.92
Mean	6.70	
Standard Deviation	6.22	
Coefficient Variation	0.93	
Variance	38.67	

The Calculated T-test value of the above comes to $p = 0.00621$

Table 16: Return on Assets and Quick Ratio

	Return on Assets (%)	Quick Ratio (X)
2005-06	20.76	2.88
2006-07	24.81	3.56
2007-08	14.71	2.83
2008-09	10.26	1.91
2009-10	6.07	1.92
2010-11	7.15	2.03
2011-12	5.47	2.17
2012-13	3.63	1.77
2013-14	3.88	1.93
2014-15	8.17	3.33
Mean	6.46	
Standard Deviation	6.36	
Coefficient Variation	0.98	
Variance	40.45	

The Calculated T-test value of the above comes to $p = 0.00462$

Table 17: Return on Assets and Inventory Turnover Ratio

	Return on Assets (%)	Inventory Turnover Ratio (X)
2005-06	20.76	8.37
2006-07	24.81	9.54
2007-08	14.71	7.49
2008-09	10.26	6.2
2009-10	6.07	5.49
2010-11	7.15	5.66
2011-12	5.47	5.45
2012-13	3.63	5.01
2013-14	3.88	5.78
2014-15	8.17	6.33
Mean		8.51
Standard Deviation		5.38
Coefficient Variation		0.63
Variance		28.91

The Calculated T-test value of the above comes to $p = 0.06170$

The table value of the 5% significance level of $((n-1))$, (10-1) stands at 2.262 of degree of freedom. Thus, based on the test the following conclusions can be made:

- Return on Net worth and Current Ratio: *Table 9*, the p value stands at 0.003547 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Net worth greatly affects the outcome of Current Ratio. Hence, the management should have to device strategies so that the company is capable of meeting its short term obligations.
- Return on Net worth and Quick Ratio: *Table 10*, the p value stands at 0.002833 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Net worth greatly affects the outcome of Quick Ratio. Hence, the management should formulate policies which does not effects is liquidity.
- Return on Net worth and Inventory Turnover Ratio: *Table 11*, the p value stands at 0.01874 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Net worth impacts the Inventory Turnover Ratio. Hence, the management should focus on the operating cycle of its business and formulate effective strategies.
- Return on Capital employed and Current Ratio: *Table 12*, the p value stands at 0.003866 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Capital Employed greatly affects the outcome of Current Ratio. Hence, the management should have to device strategies so that the company is capable of meeting its short term obligations.
- Return on Capital employed and Quick Ratio: *Table 13*, the p value stands at 0.003008 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Capital Employed greatly affects the outcome of Quick Ratio. Hence, the management should formulate policies which does not effects is liquidity.
- Return on Capital employed and Inventory Turnover Ratio: *Table 14*, the p value stands at 0.02544 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Capital Employed impacts the Inventory Turnover Ratio. Hence, the management should focus on the operating cycle of its business and formulate effective strategies.
- Return on Assets and Current Ratio: *Table 15*, the p value stands at 0.00621 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Assets greatly affects the outcome of Current Ratio. Hence, the management should have to device strategies so that the company is capable of meeting its short term obligations.

- Return on Assets and Quick Ratio: *Table 16*, the p value stands at 0.00462 which is less than the significant value $\alpha = 0.05$, hence the null hypothesis is rejected and the alternate hypothesis is accepted. This shows that the Return on Assets greatly affects the outcome of Quick Ratio. Hence, the management should formulate policies which does not effects is liquidity.
- Return on Assets and Inventory Turnover Ratio: *Table 17*, the p value stands at 0.06170 which is greater than the significant value $\alpha = 0.05$, hence the null hypothesis is accepted. This shows that the Return on Assets does not severe impact on the Inventory Turnover Ratio. Hence, the management should focus on maintain effective strategies.

Summary and Findings

- A well thought arrangement and execution of disinvestment strategy is basic for any firm, henceforth BALCO ought to follow a denotative procedure or technique so as to have more advantages in such arrangements and executions.
- The reviewing and auditing of the entire procedure before the disinvestment of BALCO ought to be completed.
- BALCO must have a crystal clear yearly based activity plan which would bring up the exercises they would carry out and would achieve.
- Disinvestment although sought after for financial viavility but by logical and strategic thinking, the company can revive its future line of actions and by proper veracity of the whole process.

Suggestions

Furthermore, it is proposed that, strategies should be devised to utilize the fund into budget deficits of the company effectively. The approach ought not to overlook the employment needs which may get into a confronting situation and may lead to social agitation which might instigate labour unrest and trade union opposition, thus cutting back work. Proper utilization management techniques should be there so that wastage of resources does not happen.

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