Accounting and Management Information Systems
Vol. 12, No. 1, pp. 118–131, 2013

DECODING GIMMICKS OF FINANCIAL SHENANIGANS IN TELECOM SECTOR IN INDIA

Sandeep GOEL[1]
Management Development Institute, Gurgaon, India

ABSTRACT

Major corporate financial shenanigans get away in the name of creative accounting. But, they need to be studied for lessons learned and strategies to avoid or reduce the incidence of such frauds in the future. It is essential for shareholders, particularly the common man who does not have any access to the company except reported financial numbers. This paper aims to decode the level of financial shenanigans practices in corporate enterprises in telecom sector in India. The reason being is that telecom sector is a part of service industry and is dependent on tariff policies; therefore it is the most volatile sector where financial shenanigans are probable on a large scale. We have tried to contribute by detecting these shenanigans in totality not in isolation, on five parameters: quality of earnings, quality of revenue, volatility of income, discretionary accruals, and manipulation score. The results indicate the visibility of financial shenanigans in the companies under study. It is therefore expected that the study improves investors' belief of a company's performance, as reflected in their financial numbers.

Financial shenanigans, quality of earnings, quality of revenue, discretionary accruals and telecom sector.

INTRODUCTION

Recent Satyam saga and Enron, WorldCom, Xerox in the past are prime examples of fraudulent financial reporting which caused great adversity to global economic environment. All these cases highlighted the fact that decoding financial shenanigans is always a tedious task but imperative for shareholders' wealth maximization.

[1] Correspondence address: Sandeep Goel, Accounting and Finance, Management Development Institute, Gurgaon, India, sandeep@mdi.ac.in

"Financial shenanigans" are actions which are taken to intentionally distort a company's reported financial performance. This manipulation is carried out with the help of accrual accounting. This is where Earnings management creeps in. Healy and Whalen (1999: 368) explain that earnings management occurs when managers use discretion to manipulate financial information "... to either mislead some stakeholders about the economic performance of the company or to influence contractual intricacies."

Discretionary accruals are transactions which are exercised by the management. These transactions are not mandatory and are therefore not required as a part of the business. For example, credit sales or provisions for depreciation and bad debts are inevitable for the company, but the quantum of credit sales and the quantum of depreciation is discretionary.

Financial shenanigans are exercised in the name of accounting flexibility but their misuse is far from known which ultimately erodes shareholders' value. Therefore, shareholders' wealth erosion becomes a major issue in the light of growing corporate frauds worldwide. The subject under research is relevant not only for the business community but also for the public at large. It is necessary to adopt a more proactive approach to the detection and prevention of fraud.

This research paper attempts to analyze the financial performance of the units and detect the financial shenanigans in the telecom sector in India for investors' interest. Telecom sector, being a service sector is more volatile for these aggressive accounting manipulations and therefore it becomes imperative to make financial users aware about them by the Indian corporate. In India, there have not been many research studies on the said topic except (Goel, 2012). His study evaluates the implications of discretionary accruals for earnings management in the Indian corporate enterprises and indicates that there is presence of accrual management in the units, major on a higher side.

The study specifically aims at the following objectives:

- To test quality of earnings and quality of revenue of the units under study for indicative earnings manipulation.
- To detect the magnitude of discretionary accruals in regard to potential financial shenanigans.
- To find out the manipulation score for the units under study as a part of final verification of detected financial shenanigans.
- To highlight the major areas of concern in accounting manipulations in these undertakings for their future viability.

The study contributes to the existing literature as follows:

- This research study has been conducted to detect financial shenanigans in the Indian perspective. It focuses on how the number and size of financial statement frauds are increasing and how to identify the early warning signs that the company is in trouble or hiding a problem before the damages become irreversible in the telecom sector in India.

- The results of the findings contribute to the literature in the way that it supports the discretionary accruals exercise with quality aspect of earnings and revenue in Indian context, which has not been done before. It makes study more intrinsic and draws out the grey areas of creativities which are not possible otherwise.

So, the present paper tries to unleash the dimension of financial shenanigans in Indian telecom sector for shareholders in particular and society at large.

It has five main sections: Section I above gives an introductory overview of financial shenanigans and presents the objective and contribution of the study. Section II discusses the relevant literature and the gap analysis for hypotheses formulation and testing. Section III discusses the research methodology adopted for the study. Section IV analyzes the units earnings practices for financial shenanigans, discusses the results. Section V concludes with implication for the corporate.

1. LITERATURE REVIEW

Financial Shenanigans has always been an area of interest to the researchers worldwide. Jay *et al.* (2007), used publicly available financial information of firms and examined the changes in variables over time to determine accounting fraud in US context.

There are numerous reasons for managers to indulge in financial shenanigans. Healy (1985) provides evidence that bonus is one of the motivations for income smoothing by the managers. DeFond and Park (1997) find that controlling shareholders may have a similar private interest regarding volatility of income.

Over the years, financial shenanigans have assumed different shapes and sizes. Sharma (2001: 11-12), highlights certain manipulative management activities like intended delay in suppliers' payments, or reduction in stock, resulting in increasing operating cash flow. Schilit (2002: 199-203), points out that due to insufficient operating cash, the managers take business measures like fixed assets sale, increase bank loans, etc. Nurnberg (2006: 217) identifies another real activity manipulation. He testifies that increasing operating cash flow is not necessarily through collection of receivables, but through sale of existing business lines or others. Craig and Thomas (2010) examined how different types of marketing expenditures are used to boost earnings.

Detection of financial shenanigans is a real issue. Different researchers have proposed different methods and techniques for finding financial shenanigans. Barnea *et al.* (1976) discuss classificatory smoothing with the use of extraordinary items for 62 US companies, and indicate the smoothing practices. The majority of papers use aggregate unexpected accruals (using the Jones, 1991) model or a similar procedure as a proxy for earnings management).

Graham *et al.* (2005) favoured real earnings management to accrual-based due to scrutiny issues by external auditors and regulatory bodies. Cohen *et al.* (2008) detected that after the implementation of Sarbanes-Oxley Act, 2002 companies shifted to real earnings management from accrual.

Nelson and Below (2010) examined a sample of 202 firms from the Center for Financial Research and Analysis / Risk Metrics Group's Biggest Concerns List from January 2005 to December 2008. They found these firms under perform on a risk-adjusted basis as evident by significantly negative alphas. Grigorjeva and Lace (2008) and Bistrova and Lace (2011a) found out that the executives of the companies listed in the Baltic States have a strong temptation to use" creative accounting" practices to make the company look more attractive than actual.

Fang (2012) examined the effect of stock liquidity on accruals-based earnings management. The author has adopted the model proposed in Gelb and Zarowin (2002) and verifies that stock liquidity and price efficiency influence managers' choices for discretionary behaviour. Basilico *et al.* (2012) analyzed the 2009 scandal of Satyam, one of India's largest information technology companies. They have specifically applied five financial fraud prediction measures and examine corporate governance elements. Their results highlight the importance of integrating financial and non-financial indicators.

So, there is ample literature available which verifies the fact that financial shenanigans in the form of earnings management do benefit the management and hamper the quality of financial reporting in the cover of legality.

The subject under research is a topic of great relevance globally for all the stakeholders, particularly shareholders. Therefore, it is imperative to highlight these grey areas of fraud. But, these articles have focused mainly on international arena. Moreover, they have analyzed financial shenanigans using broad measures of accruals. The present study is a humble attempt to fill these gap areas.

2. RESEARCH METHODOLOGY OF THE STUDY

Following are the main aspects of the research methodology used in the present study:

2.1 Sample design

The present study covers the companies in the telecom sector India. The telecom sector is more vulnerable to financial creativities on account of its volatility to internal and international economic scenario. The enterprises have been chosen among top 10 telecom Companies in India on the basis of market capitalization as on 20th March, 2009[1].

The companies chosen regarding data availability are given below.

- Bharat Sanchar Nigam Ltd.
- Bharti Airtel
- Reliance Communications
- Tata Communications

Bharat Sanchar Nigam Ltd. is the only unlisted company chosen here as it is the largest telecom company in the government sector. Therefore, to have a meaningful comparison, it finds a place in our final sample. Therefore, the present study is a case - oriented study.

The period to be covered in the present research study is of four years, ranging from 2005-06 to 2008-09. It has been taken as it is reasonably long enough to reveal the short-term and long-term changes and permit the valid conclusions thereof. Therefore, the choice of the research period has not been a matter of an arbitrary decision.

For the purpose of the present study, the main data used is secondary in nature, keeping in view the nature of the study. The study employs both accounting and market data. The data was taken from “prowess” database for the relevant analysis.

2.2 Tools / Techniques Used

Accounting models have been used to detect financial shenanigans in the sample units as follows:

Quality of Earnings model

Quality of earnings is *computed as the percentage of operating cash flows to net income of a firm.* Higher the quality of earnings, lower the chances of earnings manipulation.

Quality of Revenue model

Quality of revenue is *computed as the percentage of collection of sales in cash.* Higher the quality, lower the chances of earnings manipulation.

Quality of earnings and revenue has been calculated to determine the indicative earnings manipulation of the sample units.

The DeAngelo Model

The DeAngelo Model is considered here for computing *discretionary accruals*. It is computed as follows:

$$\mathrm{DAC_{it}} = \frac{(\mathrm{TA_{it}} - \mathrm{TA_{it-1}})}{\mathrm{A_{it-1}}}$$

where,

DACit is discretionary accruals for firm i in period t;

TAit and Ait-1 are total accruals and total assets for period t and t-l for firm i.

The above model has been used to determine the potential financial shenanigans of the units under study.

Beneish Profit Model

The manipulation score is calculated on the basis of the Beneish Profit Model. This model makes use of the following five financial variables:

a. Day's sales in receivables index (DSRI) = (Receivables/Sales of current year)/(Receivables/Sales of the previous year)
b. Gross margin index (GMI) = (sales - cost of sales of previous year / sales of previous year)/(sales - cost of sales of current year / sales of current year)
c. Asset quality index (AQI) = (1 - (current assets +net fixed assets of current year) / total assets of current year)/(1 - (current assets +net fixed assets of previous year) / total assets of previous year)
d. Sales growth index (SGI) = current yr. sales / previous yr. sales
e. Total accruals to total assets (TATA) = (change in WC - change in cash - dep. for the current year)/ (total assets of current year)

Once calculated, the five variables are combined together to achieve a Z-Score for the company. A Z-Score of less than -2.22 suggests that the company will not be a manipulator. A Z-Score of greater than -2.22 signals that the company is likely to be a manipulator.

The units which are detected with potential financial shenanigans are finally verified with the help of Z Score of manipulation.

3. ANALYSIS AND DISCUSSION

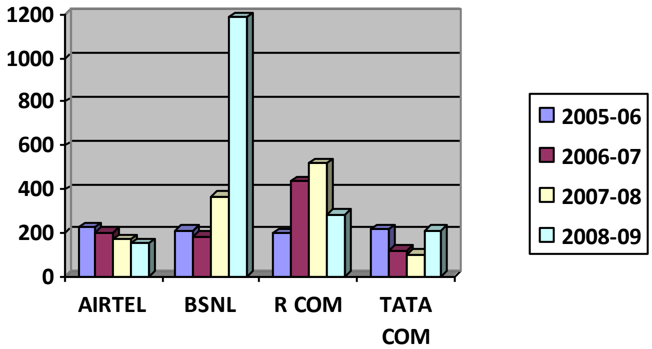
3.1 Earnings Quality

Following is the testing of quality of earnings of the sample companies under study.

Table1. **Quality of Earnings of Sample Companies**

Company	2005-06	2006-07	2007-08	2008-09	Average
Bharti Airtel	226.00%	201.03%	167.51%	153.07%	297.27%
BSNL	209.28%	181.15%	364.92%	1190.54%	486.47%
Reliance Communication	194.22%	434.61%	518.71%	283.40%	357.74%
Tata Communications	211.41%	119.34%	99.55%	210.62%	160.23%

Figure 1. **Quality trend of Earnings of Sample Companies**



Earning Quality is said to be good for a company if it is above 100% and the ratio remains stable over the period and there is no wild fluctuation in the value. An examination of Table 1 shows that all the companies are well above 100% which is very encouraging. So, the alarming sign here is 'consistency in the performance.'

There is a vast range of quality of earnings in the sample companies. Huge difference is there in the quality of earnings among the units under study. Reliance Communication has relatively the most stable earnings performance followed by Tata Communications which also has shown quite a stable earning quality. But, there is a high volatility in the earnings quality for BSNL. Airtel has shown a continuous declining trend. Thus, we can say that the Reliance Communication and Tata Communications have remarkably good earnings quality. BSNL has shown an increase in the earning quality in the previous year but its consistency of quality is will determine if the company is good in terms of the earnings quality or not.

Reliance Communication has an average earnings quality of 357.74 %. It is relatively a stable earnings company. Its trend in quality of earnings over the years has been on an increasing trend, except the last year of 2008-09 where it had a dip. Tata Communication has an average earnings quality of 160.23%. It is relatively a stable earnings company. But on the same hand, the trend in quality of their earnings over the years has been on quite a decreasing trend. This is not a healthy sign. In the last year only, the ratio picked up to 210.62 %. The management must check this trend to stop it from further decline. Airtel is a company with continuous declining earnings. It does not show very promising quality of earnings though it t has an average of 297.27%. BSNL shows the most fluctuating performance though it has the highest average of 486.47%. It has increasing, decreasing and then increasing numbers to show. It indicates sheer inefficiency and lack of clarity on the part of the management.

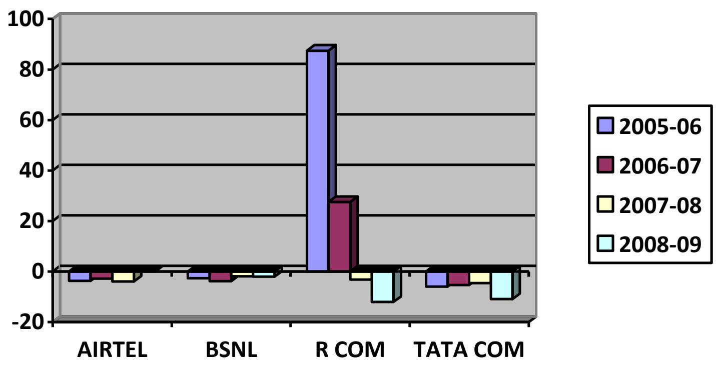
3.2 Revenue Quality

The quality of revenue is analyzed in the following discussion.

Table2. **Quality of Revenue of Sample Companies**

Company	2005-06	2006-07	2007-08	2008-09	Average
Bharti Airtel	-3.72%	-2.77%	-3.98%	-0.05%	-5.24%
BSNL	-2.62%	-3.80%	-1.91%	-2.08%	-2.60%
Reliance Communication	87.44%	27.56%	-3.17%	-12.06%	24.94%
Tata Communications	-5.90%	-5.38%	-4.53%	-10.91%	-6.68%

Figure 2. **Quality trend of Revenue of Sample Companies**



An examination of Table 2 shows a serious requirement for quality of revenue in the sample companies. Except Reliance Communications, other units have shown poor quality of revenue during the period.

Reliance Communication is the only unit which has appositive average of 24.94% during the period under study. Except 2007-08 and 2008-09, which have been quite bad periods for all the companies globally, they have shown a positive performance. Tata Communications has shown an average collection of sales of -6.68% during the period. It is the lowest of all the units. It is not a good sign. There is huge gap between their sales and the amount of cash actually collected. In fact, there has been negligible collection of reported sales in all the years. It needs to be looked into by the management. Airtel is next to Tata's with an average of -5.24%. But there is one positive sign that their negative trend has been relatively declining. BSNL again has shown a poor revenue quality average of -2.60 %.

Usually, all companies have negative revenue quality as the debtor value for a company generally increases from year to year and does not fall. A fall in the value of the debtors, i.e. an increase in the amount of cash collected indicates a fall in the sales of the company. Thus all the companies have fairly good revenue quality. This is an industry scenario for the telecom sector.

3.3 Discretionary Accruals

This section discusses accrual practices of the units under study. As discretionary accruals are a proxy to earnings management, their trend indicates income- accrual management exercised by a company. If the trend in accruals is negative (positive), it indicates managers are making income-decreasing (increasing) accrual decisions, for example more(less) deprecations or decrease (increase) in inventory.

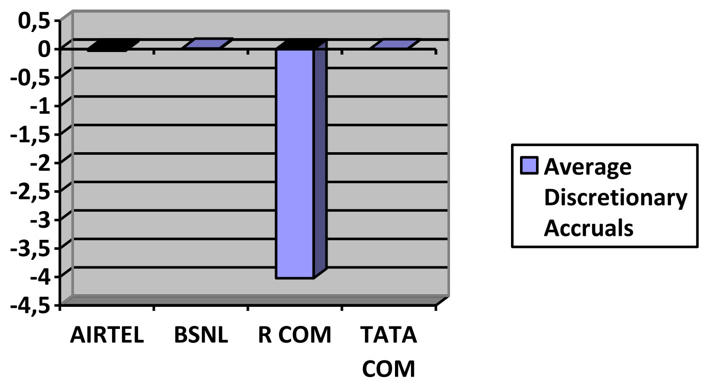
The sample companies are finally examined on the basis of accruals management and manipulation score. In this discussion, we find out the magnitude of discretionary accruals exercised by the companies for potential financial shenanigans and in the next section, we evaluate them on the basis of manipulation score.

Table 3. **Accruals Picture of Sample Companies**

Company	**2006-07**	**2007-08**	**2008-09**	**Average**
Bharti Airtel	-0.091	-0.005	0.003	-0.031
BSNL	0.037	-0.018	0.018	0.0123
Reliance Communications	-23.015	16.983	4.013	-4.0213
Tata Communications	0.067	0.012	-0.062	0.0057

From the above Table 3, it is evident that compared to Reliance Communication, the other three companies have low discretionary accruals. This shows that Reliance shows a large amount of fictitious revenue as compared to the other three. Thus manipulation in the financial statements is high for Reliance. Airtel is also showing a negative average along with Reliance though it is very low. BSNL and Tata are showing positive average.

Figure 4. **Accruals trend of Sample Companies**



So, it shows a definite presence of accrual management in all the sample companies. Reliance Communication has the negative average of discretionary accruals of – 4.02 among all the units, indicating that managers are making income-decreasing accrual decisions. They are saving for the future. It is the highest among all the units. Similarly Airtel has also shown a negative average of discretionary accruals during the period though it is very low, i.e. -0.03 BSNL and Tata have been found to be exercising income-increasing discretionary accruals, as verified by their positive average of 0.01 and 0005 respectively.

3.4 Manipulation Score

As mentioned in the previous section, here we compute the manipulation score using Beneish model for the sample companies for the final verification of the above result.

Table 4. **Manipulation Score of Sample Companies**

Company	**2006-07**	**2007-08**	**2008-09**	**Average**
Bharti Airtel	-2.87	-2.44	-2.74	-2.683
BSNL	-5.22	-2.43	-2.22	-3.29
Reliance Communications	1613.16	-4.44	-1.11	535.87
Tata Communications	-1.95	-1.44	-2.36	-1.917

An examination of Table 4 show diverse variations in the p score of the sample companies. The evidence indicates that the probability of manipulation increases with: (i) unusual increases in receivables. (ii) deteriorating gross margins, (iii) decreasing asset quality, (iv) sales growth, and (v) increasing accruals.

Reliance Communication again has the average probability of 535.87. It is a concern. Moreover, it has shown declining trend during the period. From 1613.16

in 2006-07, it declined to -1.11 in 2008-09 which really needs to be checked upon for the long-term growth prospects. For 2006-07, it has indicated highest chances of manipulation with a score of 1613.16. In case of Reliance, the high value of the score in the year 2006 could be of the initial years of the company and also the change in the accounting year from the calendar year to the financial year. Its DSRI's contribution in the score is a major area of introspection. Companies with poor prospects are more likely to engage in earnings manipulation.

Airtel has a negative average score of -2.68. It is also not good but the promising part is that it has remained at the same level of -2.5during the period. Similar trend has been shown by BSNL with a score of -3.29 though relatively it's higher. Tata Communications has the lowest score of -1.91. But it is also under the shade on account of probable manipulation. Also, it signifies a change in working capital and other components of the firm.

CONCLUSION

Financial shenanigans often cause great harm to individuals, companies, and society. On a micro level, they hurt investors, lenders, employees, and vendors; on a macro level, they result in resources being allocated to the wrong companies.

From the above discussion, it can be inferred that all the companies under study have been found to be exercising financial shenanigans in one way or another. All companies have negative revenue quality which indicates presence of unrealized revue.

BSNL, being in the government sector as expected has shown a relatively better performance in terms of low degree of volatility and negligible discretionary accruals. In the private sector, Tata Communications has come out with stable earning quality and low volatility and discretionary accruals. Airtel has more or less shown an average performance. Bur. Among all, Reliance is the company with highest volatility in the earnings quality and discretionary accruals.

So, significant changes in accounting and financial statement reporting and particularly in analysis are needed in order to reduce the incidences of financial fraud and detect where and when it exists. The vision is required of a quality earnings world which may inspire many minds and embrace a situation where accounting principles and procedures are par excellence.

LIMITATIONS OF THE STUDY AND IMPLICATIONS FOR THE CORPORATE WORLD

There are some limitations of this study which could be categorized as under:

The present study could be confined to only leading four telecom corporate enterprises in India, on select basis due to data non-availability.

Financial shenanigans scope can be further examined, apart from quality earnings and accruals behaviour, for other parameters in the light of growing investors' awareness about accrual reported numbers.

Continuing efforts are needed to bring out the adversities of about earnings manipulation and its impact on financial information at corporate level. Following are the emerging needs in the field:

1. **Recognizing the Red Alarms of Accounting Creativity:** Violation of accounting principles in the form of Revenue recognition and other GAAP practices by companies need to be stressed upon.
2. **"Disclosure—the Key to Financial Reporting"**: There should be a full and fair reporting of all business transactions. Special emphasis is required on related-party transactions, changes in trade receivables, goodwill and intangibles, and cash flow disclosures.
3. **"Business Ethics"** An ethical behaviour is the need of the hour by the management practitioners for the common pitfalls in the context of corporate reporting.

REFERENCES

American Accounting Association (1969) "Committee on External Reporting. An Evaluation of External Reporting Practices", A Report of the 1966-68 Committee on External Reporting, *The Accounting* Review, Supplement: 79-123

American Institute of Certified Public Accountants (1973) "Study Group on the Objectives of Financial Statements", New York: American Institute of Certified Public Accountants

Barnea, A., Ronen, J. & Sadan, S. (1976) "Classificatory smoothing of income with extraordinary items", *The Accounting Review*, January: 110-122

Basilico, E, Grove, H., Patelii, L. (2012) "Asia's Enron: Satyam (Sanskrit Word for Truth)", *Journal of Forensic & Investigative Accounting*, vol. 4, no. 2.

Bistrova, J. & Lace, N. (2012) "Quality of corporate governance system and quality of reported earnings: evidence from CEE Companies", *Economics and Management*, vol. 17, no. 1, www.ecoman.ktu.lt/index.php/Ekv/article/download/2251/1732, Acessed *on 24th January, 201*3

Beneish, M.D. (2001) "Earnings Management: A Perspective*", Managerial Finance*, vol. 27, no. 12: 3-17

Brown R. &Steele T. (1999) "The economics of accounting for growth", *Accounting and Business Research*, vol. 29, no. 2: 157-173

Chapman, C.J. & Steenburgh, T.J (2010) "An Investigation of Eranings Management through Marketing Actions", Working Paper, Harvard Business School

Choi, J.S, Kwak, Y.M. & Choe, C. (2012) "Earnings management surrounding CEO turnover: evidence from Korea", Unpublished, http://mpra.ub.uni-muenchen.de/40629

Cohen, D. A., Dey, A., & Lys, T. (2008) "Real and accrual-based earnings management in the pre- and post-sarbanes-oxley periods", *The Accounting Review,* vol. 83, no. 3: 757-787

Collingwood, H. (1991) "Why K-Mart's good news isn't", *Business Week,* March, 18: 40

Cohen, D. A., Dey, A. & Lys, T. Z. (2008) "Real and Accrual-Based Earnings Management in the Pre- and Post-Sarbanes-Oxley Periods", *Accounting Review*, vol. 83: 757-787

DeFond, M. L. & Park, C.W. *(*1997) "Smoothing income in anticipation of future earnings", *Journal of Accounting and Economics*, vol. 23: 115-139

Fang, J. (2012) *Stock liquidity, Price informativeness, and accruals-based earnings management*, Dissertation Submitted to the Graduate Faculty of the Louisiana State University and Agricultural and Mechanical College, August.

Gelb, D. & P. Zarowin. (2002) "Corporate Disclosure Policy and the Informativeness of Stock Prices", *Review of Accounting Studies,* vol. 7: 33-52

Graham, J. R., Harvey, C. R., & Rajgopal, S. (2005) "The economic implications of corporate financial reporting", *Journal of Accounting and Economics*, vol. 40, no. 1: 3-73

Goel, S. (2012) "Demystifying earnings management through accruals management: An Indian Corporate Study", *Vikalpa*, No.1 January-March, IIM Ahemadabad, India

Grigorjeva, J. & Lace, N. (2008) "Evaluation of impact of financial result plausibility of Baltic State companies on equity performance", *Economics and* Management, vol. 13: 115-120

Hamza, T. & Faten, L. (2010) *The determinants of earnings management by the acquirer: The case of French corporate takeovers*, Laboratoire Orleanais De Gestion (EA 2635)

Healy, P.M. *(*1985) "The effects of bonus schemes on accounting decisions", *Journal of Accounting and Economics,* vol. 7: 85-107

Healy, P.M. (1985) "The effect of bonus schemes on accounting decisions", *Journal of Accounting and Economics*, vol. 7: 85-107

Healy, P.M. & Palepu, K. G. (1990) "Effectiveness of accounting-based dividend covenants", *Journal of Accounting and Economics,* vol. 12, no. 1-3: 97-124

Healy, P.M. & Wahlen, J.M. (1999) "A review of the earnings management literature and its implications for Standard Setting", *Accounting Horizons*, vol. 13, no. 4: 365-383

James, N. & Below, S. (2010) *A Penny Saved is a Penny Earned: Avoiding Investment Losses through the Early Detection of Financial Shenanigans,* November 8: http://69.175.2.130/~finman/Publications/JAF/2011/ Nelson.pdf.

Jay, N., Saxena, A.K., Subrahmanyam, V., Best, R. (2007) “Is Accounting Fraud Predictable”, *Review of Business Research*, vol. 7, no. 4
Jones, J.J. (1991) “Earnings management during import relief investigations”, *Journal of Accounting Research*, vol. 29: 193-228
Levitt, A. (1998) “The “Numbers Game” Speech delivered at NYU Centre for Law and Business”, New York.: September 28.Securities and Exchange Commission
Lundholm, R. & Myers, L.A. (2002) “Bringing the Future Forward: The Effect of Disclosure on the Returns-Earnings Relation”, *Journal of Accounting Research*, vol. 40: 809-839
Nurnberg, H. (2006) “The distorting effects of acquisitions and dispositions on net operating cash flow”, *Accounting Forum*, vol. 30: 209–226
Peasnell, K.V., Pope, P. F. & Young, S. (1999) “Outside directors, board effectiveness, and abnormal accruals”, Working paper, Lancaster University
Peasnell, K.V. *et al*. (2000) “Accrual Management To Meet Earnings Targets: UK Evidence Pre-and Post-Cadbury”, *The British Accounting Review*, vol. 32, no. 4: 415-445.
Ronen, J., & Sadan, S. (1981) *Smoothing Income Numbers: Objectives, Means and Implications.* Reading, MA: Addison-Wesley
Sharma, D. S. (2001) “The Role of Cash Flow Information in Predicting Corporate Failure: The State of Literature”, *Managerial Finance*, vol. 27, no. 4: 3-28
Schilit, H. (2002) *Financial Shenanigans. How to detect accounting gimmicks and fraud in financial reports,* McGraw-Hill
Schipper, K.(1989) “Commentary on creative accounting”, *Accounting Horizons*, December: 91-102
Stolowy, H. & Breton, G. (2000) “A Review of Research on Accounts Manipulation”, paper presented at the 23rd Annual Congress of the European Accounting Association, Munich, Germany, March 29-31.
Stolowy, H. & G. Breton. (2004) “Accounts manipulation: A Literature Review and Proposed Conceptual Framework”, *Review of Accounting and* Finance, vol. 3: 5-65
http://asiancorrespondent.com/550/top-30-telecom-companies-in-india-by-market-cap, Accessed on June, 2011.
http://www.tatacommunications.com. Accessed on June, 2011.
http://www.rcom.co.in. Accessed on June, 2011.
http://www.airtel.in. Accessed on June, 2011.
http://portal.bsnl.in. Accessed on June, 2011.

[1] http://asiancorrespondent.com/550/top-30-telecom-companies-in-india-by-market-cap