FINANCIAL PERFORMANCE ANALYSIS OF BHARTI AIRTEL LTD

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Abstract - In today's profoundly competitive world, businesses must survey both outside and inner components in arrange to flourish in their individual businesses. One of the essential objectives of money related execution investigation is to decide a company's capability, quality, soundness, and benefit. A company's budgetary execution is basic to its by and large soundness, and with the current budgetary clutter and trade environment, liquidity administration has gotten to be a squeezing concern universally. Around the world, trade promoters and supervisors are searching for ways to preserve liquidity whereas expanding benefit and proprietor value. The capacity of a company to meet short-term liabilities is characterized as its liquidity, and it is basic to monitor this continually since a trade cannot survive without it. This term paper basically analyses Bharti Airtel financial performance The Indian telecom industry contributes altogether to the country's and other sectors' improvement. Bharti Airtel Ltd.'s monetary execution was evaluated utilizing proportion investigation (Ratio analysis), which included liquidity, productivity (Profitability ratio), and dissolvability proportions (Solvency ratio). The essential finding demonstrates that the company's benefit edge has diminished in later a long time, and it isn't performing as well as it is expected. The conceivable causes of this execution were too explored.

Index Terms - Financial performance, Ratio analysis, Liquidity and profitability, Bharti Airtel ltd

I. INTRODUCTION

Bharti Enterprises is an Indian aggregate, headquartered in New Delhi, India. Sunil Bharti Mittal founded it in 1976, and it now operates in 18 Asian and African countries. Bharti Enterprises owns companies in telecommunications, agriculture, financial services, and manufacturing. Bharti Airtel is a subsidiary of Bharti Telecom Limited, which entered the Indian telecommunications market in 1986. Sunil Bharti Mittal founded the company that introduced the first push-button telephone in India. This was an important development given that we were still using rotary phones at the time. (Vijayalakshmi, 2017)

About Bharti Airtel

Bharti Airtel Ltd is an international telecommunications services provider headquartered in New Delhi, India, with operations in 18 South Asian and African countries. Airtel's services vary by country of operation and include voice, fixed line broadband, GSM, 3G, and 4G LTE mobile services. It is the world's third-largest mobile network operator and India's largest, with 400 million subscribers. Airtel was named the second-most valuable brand in India in Millward Brown and WPP plc's inaugural Brands ranking. Airtel is well-known for pioneering the business strategy of outsourcing all operations except marketing, sales, and finance, as well as developing the 'minutes factory' model, which emphasises low cost and high volume.

II. STATEMENT OF PROBLEM

The broadcast communications industry is basic and crucial in today's economy. The current study centers on dissecting the financial performance and benefit of Bharti Airtel Company over a five-year period utilizing different strategies and methods.

III. SCOPE OF THE STUDY

The essential objective of this study is to assess the company's monetary position utilizing budgetary apparatuses such as proportion examination which is known as ratio analysis. The essential objective is to decide the company's monetary soundness, and the think about for the most part rotates around the company's monetary position.

IV. OBJECTIVES OF THE STUDY

- To evaluate the financial progress of the chosen organisation
- To Examine and dissect the assigned organizations productivity and dissolvability status.
- To Determine the company's monetary situation in the short and long term.
- To evaluate and decide whether the chosen company could be a great venture.

V. TOOLS USED - Ratio Analysis

VI. LIMITATION OF THE STUDY

- Research is based on auxiliary information which is accessible in web.
- Very limited Study has been done due to unavailability of data.
- Study has been limited to only 5 years.

VII. REVIEW OF LITERATURE

- (Rani, 2014) The analyst looked at 155 companies that declared their aim to consolidate between January 2003 and December 2008. The objective was to see into how corporate administration influences irregular returns of companies some time recently and after a merger. The analyst utilized standard occasion technique to calculate short-term unusual returns. The Corporate Governance Index (CGI) was created by examining reactions to a 67-question survey. The Corporate Administration Record was built utilizing essential information from the CGI. A cross-sectional relapse investigation was performed within the third area of the examination to look at the impact of corporate administration score on anomalous returns. The ponder found that higher corporate administration guidelines were related with way better execution of procuring companies in both the open and private segments.

- (Mallick, 2009). This research looks at how liquidity is conveyed within the interbank cash advertise, with a focus on an ex-post exchanging issue. The study simulates a "over the counter" interbank advertise and looks at how relationship banking can lead to bartering disappointment due to private restrictive data. The analysts look at both autonomous and forbid bartering diversions and conclude that allotment isn't proficiently obliged within the nonattendance of financial intervention. Money related mediation, on the other hand, can overcome a number of enlightening and bargaining assumptions. The discoveries of the think about contribute to the writing on money related approach plan by giving a micro-level clarification for central bank mediation and laying out a arrangement for state unexpected showcase making in liquidity.

- (kathiravan, 2009). This study centers on the profitability execution of India's open segment banks, perceiving the keeping money system's basic part within the country's generally financial system. The banking framework is basic in pooling the nation's investment funds and contributing them in high-priority segments, guaranteeing that accessible assets are utilized ideally. In spite of the truth that banking dates back to antiquated times, advanced banking has advanced into a more complex and modern framework. Banks play an indeed more critical part in creating economies, as they must advance and develop banking practises whereas preparing the country's assets. It is troublesome to create and cultivate keeping money hones in a nation with early keeping money propensities.

- (Joshi, 2012). Analysis of Cipla Ltd.'s working capital execution was the study's essential objective. During 2004-05 to 2008-09. Primary data was collected for the study. Source of primary data for their study was published annual reports of the selected company for the 5-year period. Financial ratio analysis, statistical and econometric techniques were used in the study. Findings of the study revealed significant positive trend growth in most of the selected performance indicators. The selected ratios also showed satisfactory performances during the study period. Motaals test indicated significant improvement in liquidity performance during the study period. There was also significant negative relationship between liquidity and profitability, which indicated excess liquidity of the company.

- (Ramasamy, 2003). The author investigated the impact of a company's reward and compensation policies on the interest factor spread of an employee. He has focussed on the firm’s financial performance is influenced by the type of merger/acquisition. He disclosed that it is impossible to clearly conclude about the performance of a company if the merger is a conglomerate one. This study was limited to a period of 1970 to 1995 and sample was selected on the basis of data belongs to only US based, the sectors free from huge regulations were only considered. Regression analysis has done and observed that the firms that acquire larger relative sized firms have poorer post merging performance than the firms which acquired smaller firms. He observed that the firms with long-term incentive plans have better performance after merger than those firms with shorter incentive plans.

- (Aravanan.S, 2011) This study centered on analysing the financial performance of noticeable ports found in India. The primary goal of this paper is to examine Tuticorin Port Trust's financial performance (TPT). Ratio analysis and trend analysis were used to analyse financial performance. The study's findings revealed that the norms of various ratios in the context could not be obtained.

- (hellasamy, 2013) The analyst conducted an examination of the benefit and drift investigation of particular retail firms in India. Annual net profit, operational efficiency, changing lifestyles, and favourable demographic patterns are driving the Indian retail industry. The retail industry contributes significantly to the growth of our economy. The study's goal is to examine the profitability position, overall operating indicators, and trend analysis of selected retail companies in India from 2002-03 to 2011-12.

- (Gajera, 2016) The researchers compared the financial performance of private and open segment banks, as well as recognized variables that affected performance. The study looked at budgetary information from 2001-02 to 2012-13 for all open and private banks. The discoveries uncovered that open division banks outflanked in six of ten parameters, counting tier-11 capital ampleness, non-approved securities venture to add up to venture proportion, return on value proportion, taken a toll of borrowing proportion, return on speculation proportion, and more. The remaining four parameters, in any case, favoured private division banks: capital adequacy, secured advance to add up to advance proportion, return on asset ratio, and return on advance proportion

- (Raja, 2014) The analysts inspected the financial execution of public-sector oil companies, particularly IOCL and HPCL, over a 15-year period. These companies are classified as navarathna open units, and their execution may allure speculators. According to the study, both companies have adequate current resources to cover current liabilities and utilize successful stock administration practises. Moreover, they can meet their intrigued commitments, and their stock costs have come to a crest. IOCL has kept up a noteworthy benefit, while HPCL has illustrated extraordinary execution in terms of capital use and leaser administration.

- (Singh, 2008) According to their findings, the nearness of fixed and current resources is critical for the smooth operation of any trade association. Working capital administration is critical since it specifically influences a company's productivity and liquidity. The analysts inspected the working capital components and found that Hindalco Businesses Limited's productivity was essentially impacted by its working capital administration.

VIII.FINANCIAL RATIO ANALYSIS:

1)**CURRENT RATIO**

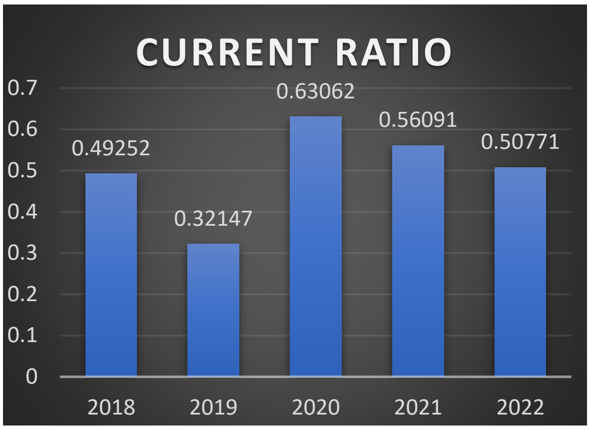
Current ratio is the ratio which shows the companies potential to repay the obligation which are short term in nature. (Bidawat, 2020)

TABLE 1.1 – CURRENT RATIO

YEARS	CURRENT ASSET	CURRENT LIABILITIES	CURRENT RATIO
2018	21,495	43,640	**0.492552704**
2019	19,514	60,701	**0.321477406**
2020	58,781	93,211	**0.630622995**
2021	40,071	71,439	**0.560912107**
2022	37,817	74,484	**0.507719779**

(SOURCE : SECONDARY DATA)

CHART 1.2



INTERPRETITION: From the given table 1.1 and graph we can see that current ratio is increasing in the year 2020 from decreasing level in the year 2019 and again started to decreasing in the year 2021 & 2022. Still the company current ratio is not impressive (less than which may lead to difficulties for the company to meet short term obligations.

2) LIQUID RATIO:

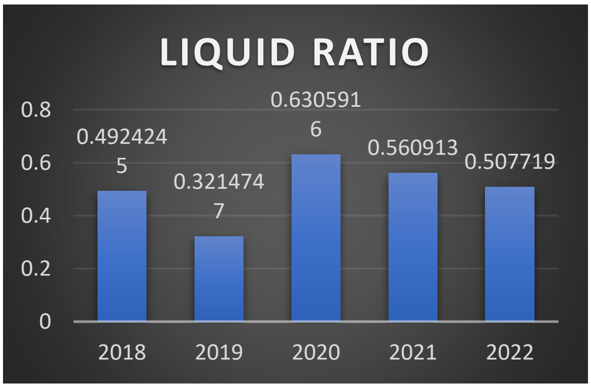
This proportion evaluates a company's capacity to reimburse its obligations as they ended up due. Basically, this proportion indicates the rate at which a company can change over its current assets into cash in order to meet its commitments inside the time frame indicated.(Bidawat, 2020)

TABLE 2.1- LIQUID RATIO

YEARS	LIQUID ASSET	CURRENT LIABILITIES	LIQUID RATIO
2018	21,489.60	43,640.40	**0.49242**
2019	19,513.90	60,701.20	**0.32147**
2020	58,778.20	93,211.20	**0.63059**
2021	40,071.10	71,439	**0.56091**
2022	37817	74484	**0.50772**

(SOURCE : SECONDARY DATA)

CHART 2.2



INTERPRETITION: We can see that the liquid ratio and the current ratio is similar because the company is related to telecom industry (Service sector) and hence there is no stock and very less prepaid expenses.

3) NET PROFIT RATIO

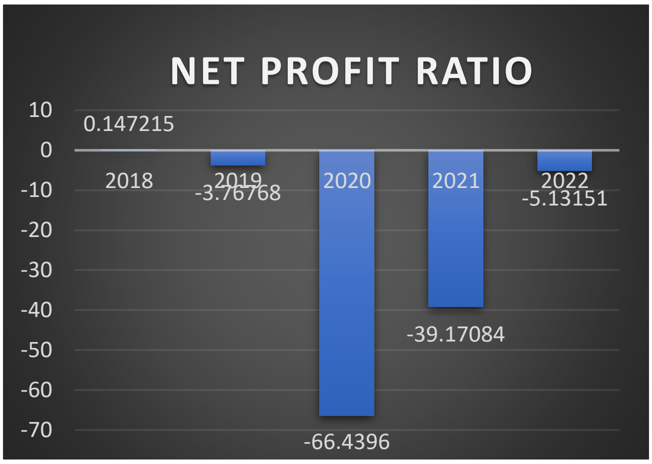
The net benefit margin, too known as the net benefit ratio, may be a metric that calculates the rate of net income or benefit created in comparison to total income produced. This proportion decides the extent of net benefits earned by a company or industry sector from its income.(Dr.S.Vijayalakshmi, 2017)

TABLE 3.2 – NET PROFIT RATIO

YEARS	NET PROFIT	SALES	RATIO
2018	79	53663	0.147587723
2019	-1869	49606	-3.767689392
2020	-36,088	54317.1	-66.43948223
2021	-25,197	64325.9	-39.1708472
2022	-3,625	70641.9	-5.131515432

(SOURCE : SECONDARY DATA)

CHART 3.3



INTERPRETITION:

The above table 3 shows that in 2018 we can highest net profit ratio percentage. In the years 2020, 2021 we can see that the net profit ratio percentage is deteriorated to worst case. Then, in 2022 it started increasing comparing to the past two years.

4) OPERATING RATIO:

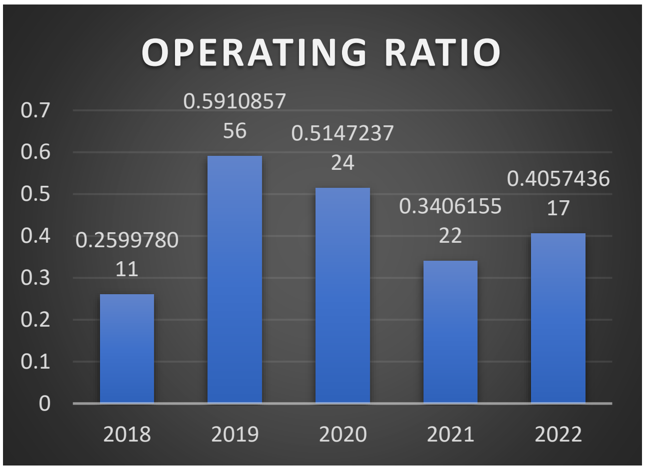
Operating ratio is the ratio which helps to show the management efficiency with the help of total operating expenses and net sales. (ANIL, 2021)

TABLE 4.2- OPERATING RATIO

YEARS	COGS + OP EXP	REVENUE FROM OPERATION	RATIO
2018	13951.2	53663	0.25998
2019	29321.4	49606	0.59109
2020	27958.3	54317.1	0.51472
2021	21910.4	64325.9	0.34062
2022	28662.5	70641.9	0.40574

(SOURCE : SECONDARY DATA)

CHART 4.3



INTERPRETITION:

The above table shows that the company has high operating expense in the year 2019 & 2020. The operating expense in the year is on par with operating expense in the year 2019 & 2020 still the operating ratio is reduced because of increase in net sales.

5) GROSS PROFIT RATIO:

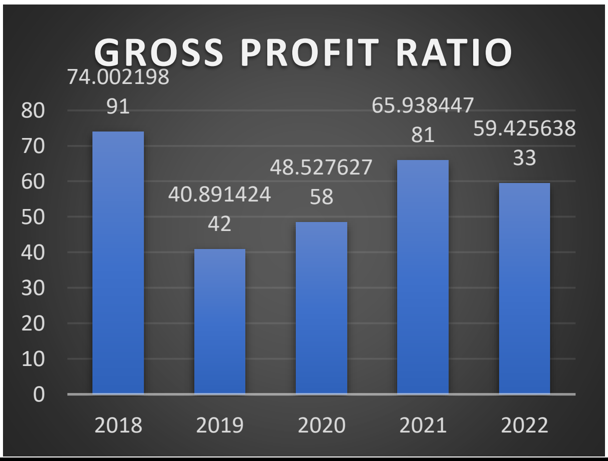
The Gross Profit Proportion (GP Ratio) could be a budgetary instrument utilized to assess a company's viability and effectiveness. It is calculated by isolating gross profit by total net sales. By duplicating the result by 100, the gross profit proportion can moreover be communicated as a rate.(Dr.S.Vijayalakshmi, 2017)

TABLE 5.1 – GROSS PROFIT RATIO

YEARS	GROSS PROFIT	SALES	RATIO(%)
2018	39711.8	53663	74.00219891
2019	20284.6	49606	40.89142442
2020	26358.8	54317.1	48.52762758
2021	42415.5	64325.9	65.93844781
2022	41979.4	70641.9	59.42563833

(SOURCE : SECONDARY DATA)

CHART 5.2



INTERPRETITION: From the above table 5.1 we can see that the gross profit margin is high in the year 2018 and decreased in the year 2019 and in the increasing trend from the year 2019 to 2021, hence if this scenario continuous to happen the company will be in a good position.

6) DEBTORS TURNOVER RATIO:

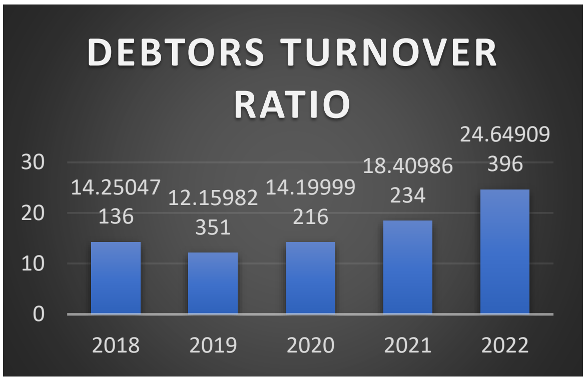
The debtors turnover proportion, moreover known as the receivables turnover proportion, may be a metric that measures how rapidly a company changes over credit sales into cash. This proportion assesses a company's capacity to oversee and collect payments for credit amplified to clients.. (ANIL, 2021)

TABLE 6.1- DEBTORS TURNOVER RATIO

YEARS	CREDIT SALES	AVERAGE ACCOUNTS RECIEVABLE	RATIO (in times)
2018	53,663	3,765.70	14.2505
2019	49,606	4,079.50	12.1598
2020	54,317	3,825.15	14.2
2021	64,326	3,494.10	18.4099
2022	70,462	2,858.60	24.6491

SOURCE : SECONDARY DATA)

CHAERT 6.2



INTERPRETITION:

From the given table 6 we can see that the debtor turnover ratio is in increasing trend from the year 2019 and is highest in the year 2022. The company becomes stringent over the years in giving the credit policy.

7) AVERAGE COLLECTION PERIOD RATIO:

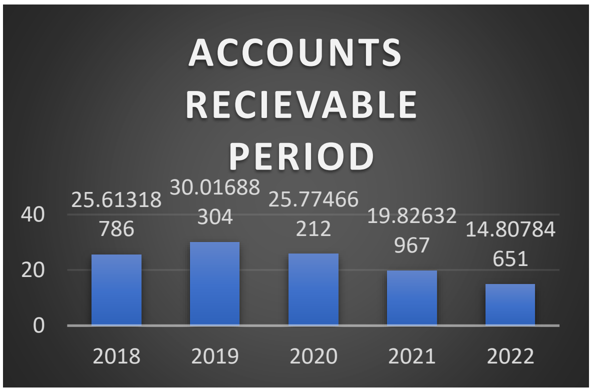
The average collection period proportion may be a metric that measures the number of days it takes for clients to pay their bills, giving knowledge into a company's credit and collection policies' viability. Moreover, this proportion can offer assist to decide whether the company's credit terms are sensible.(ANIL, 2021)

TABLE 7.1 AVERAGE COLLECTION PERIOD

YEARS	365 (OR) 366	DEBTORS TURNOVER RATIO	RATIO (In Days)
2018	365	14.25047136	25.61319
2019	365	12.15982351	30.01688
2020	366	14.19999216	25.77466
2021	365	18.40986234	19.82633
2022	365	24.64909396	14.80785

(SOURCE:SECONDARY DATA)

CHART 7.2



INTERPRETITION:

Average collection period analysis is almost similar to debtor's turnover ratio. It just expresses the debtor's turnover ratio in number of days form. From the given table we can see that in 2022 the company gives nearly 15 days' time for debtors to repay the debt.

8) ASSET TURNOVER RATIO:

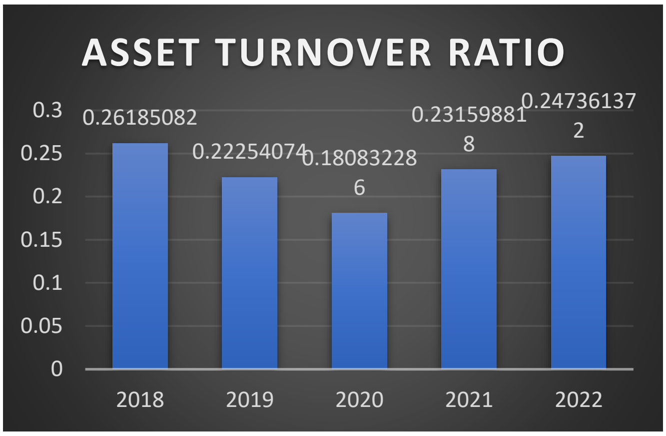
The asset turnover ratio could be a budgetary metric that surveys how viably a company's resources produce income or sales. This proportion is calculated by dividing add up to assets by annualized sales or incomes. To calculate the resource turnover proportion, divide the company's net deals or income by its average total assets. (Arickal, 2021)

TABLE 8.1 ASSET TURNOVER RATIO

YEARS	REVENUE FROM OPERATION	TOTAL ASSET	RATIO
2018	53663	204937	0.26185
2019	49606	222908	0.22254
2020	54317.1	300373	0.18083
2021	64325.9	277747	0.2316
2022	70462	284855	0.24736

(SOURCE:SECONDARY DATA)

CHART 8.2



INTERPRETITION:

From the given table 8.1 For the past five years, the company has maintained an par asset turnover ratio, which indicates the efficient management of assets by the company which is evident based on the revenue earned by the assets.

9) DEBT TO EQUITY RATIO:

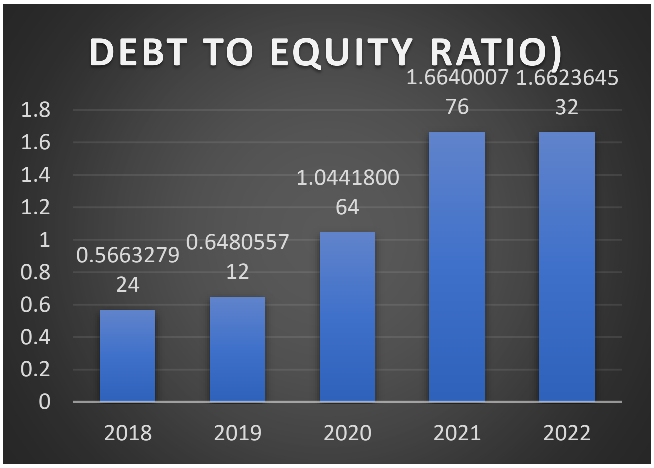
This is a financial ratio utilized to survey a company's leverage, which is calculated by dividing the company's total liabilities by its stockholders' value. In other words, it compares the amount of obligation a company has got to the sum of value contributed by its shareholders. (LAKSHMANAN, 2021)

TABLE 9.1- DEBT TO EQUITY RATIO

YEARS	Long Term Debt	Shareholders Fund	Ratio (in times)
2018	58,253.00	1,02,860.90	**0.56633**
2019	63,707.70	98,305.90	**0.64806**
2020	1,05,540.50	1,01,075.00	**1.04418**
2021	1,28,727.10	77,360.00	**1.664**
2022	1,31,210.10	78,930	**1.66236**

(SOURCE : SECONDARY DATA)

CHART 9.2



INTERPRETITION:

The above table 9.1 depicts the relationship between the outsider's fund and shareholder's fund. Debt to equity ratio was in increasing trend from the year 2018 and highest in the year 2022 with 1.66:1 A high debt equity ratio suggests that outside creditors' claims may be more significant than those of the firm's owners and hence may not be favourable to creditors and investors due to the reduced margin of safety it provides at the time of the firm's liquidation.

10) EARNINGS PER SHARE

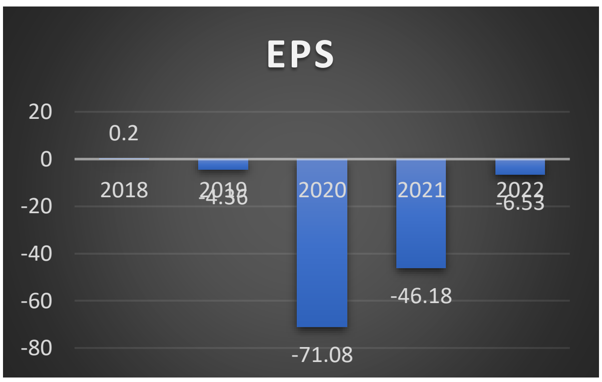
Earnings per share (EPS) may be a financial metric that appears the rate of benefits apportioned to each outstanding share of common stock in a company. This proportion is used to survey the benefit of a business. Higher EPS demonstrates that a company creates more income per share and may be considered more proficient since it can produce income with less value investment, expecting all other factors stay steady. As a result, a better EPS might demonstrate an "Better" company.. (Bansal, 2014)

TABLE 10.1 – EARNINGS PER SHARE

YEARS	NET PROFIT	EQUITY SHARES	EPS
2018	79	396	0.2
2019	-1869	429	-4.36
2020	-36,088	508	-71.08
2021	-25,197	546	-46.18
2022	-3,625	555	-6.53

(SOURCE : SECONDARY DATA)

CHART 10.2



INTERPRETATION:

From the given EPS table 10.1we can observe that only in the year2018 EPS was positive other than that the company not enough profit to make EPS positive and hence it is not favourable condition for shareholders.

RESEARCH FINDINGS

- We can clearly see from the above data, as well as its analysis and interpretation, that there is a constant increase and decrease in various ratios between the years 2018 and 2022. As a result, it demonstrates that Bharti Airtel is and desires to progress.

- The company's profitability was fluctuating over the last 5 years. The company's net profit was worst in the year 2020 because of the covid-19 pandemic and company started to slowly recover over the years from the pandemic effect which is evident as net profit is much better in the year 2022 as compared to last two years . Same findings is applicable for EPS too.

- The debt-to-equity ratio may be a financial metric utilized to evaluate the level of security given to banks. A high proportion shows that obligation overwhelms the company's capital structure, which can be a hazardous trend since the company is depending on outside reserves instead of its claim monetary assets. Banks and speculators, on the other hand, lean toward lower debt-to-equity proportions since they give more prominent security for their interests in the event of liquidation. A low debt-to-equity proportion demonstrates that a company's money related position is more grounded which it can reimburse its obligations more effortlessly.

- Gross profit mostly indicates the operational performance of the company. We can observe that gross profit fluctuates over the last 5 years. The company's gross profit slightly dipped in the year 2019 and 2020 and again started in increasing in the year 2021. Gross profit ratio and operating ratio shows that how effectively and efficiently the company has been managing its operations.

- The asset turnover ratio calculates how regularly a company's total resources are used or turned over in a given year. A better proportion demonstrates that the company's resources are being utilized more effectively, though a lower proportion shows that there's more idle capacity. Be that as it may, the proportion may not have been ideal in 2020 since, in spite of having a noteworthy sum of resources, the company was incapable to produce income from them due to outside factors.

- Debtors turnover ratio and accounts receivable ratio indicates how capable the company to collect the debt from its debtors. In this company the debtors turnover ratio is in decreasing trend which shows that the companies credit policies become strict and stringent.

- Sales need to be increased without any additional fixed and indirect cost to bring out company from the losses and to make the profitability position of the company strong and the company also need to reduce its debt as higher debt to equity ratio affects the investors and lenders

CONCLUSION

Financial performance that is efficient and effective is critical for all organisations to survive and prosper. Financial performance analysis is critical for determining a company's profitability and identifying potential threats. The study of financial performance of Bharti airtel ltd is done by using some of the liquidity, profitability and solvency ratios over the last five years from 2018 to 2022.This study concludes that because of the high competition from the competitor company reliance jio and covid 19 pandemic, Bharti airtel profit margin over the last few years had been affected but the company started to recover in last 2 years. Even though the company is doing well but still it is not performing up to its potential. The company need to reduce unwanted expenditure to improve the net profit in the coming year and to make the investors and shareholders who invested in the company happy. It must improve its efficiency in order to make the best use of its resources.

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