



Financial Performance Analysis of Telecommunication Service Provider Companies in India: A Comparative Review

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Abstract

The present research study analyses the financial performance of five Telecommunication Service Provider companies in India i.e. MTNL, Reliance Communications Ltd, Bharti Airtel Ltd, Vodafone Idea Ltd, and Tata Teleservices (Maharashtra) Ltd. The study analyses their performance between 2019 to 2023. It follows a descriptive and analytical approach. Secondary data were collected, analyzed, and interpreted using various financial and statistical tools, i.e. Ratio analysis, Mean, Standard Deviation, Minimum, and Maximum. The results show that Bharti Airtel Ltd has the highest Net Profit and Return on assets (ROA) values. MTNL has the highest Return on capital employed (ROCE) values.

Keywords: Financial Statement, Ratio Analysis, Telecommunication, Service Provider, Profitability

Introduction

India is currently the second-largest telecom market in the world, with 1,199.28 million phone subscribers as of March 2024. Over the past ten years, the country has seen rapid expansion in its subscriber base. According to a report written by the GSM Association (GSMA) and Boston Consulting Group (BCG), the Indian mobile economy is expanding quickly and will increase



the country's GDP. India became the second-largest market in terms of app downloads in 2019 after overtaking the US.

The Indian telecom business has grown rapidly due in large part to strong consumer demand and the government's liberal and reforming policies. The government has made telecom equipment easily accessible to the market and established a just and proactive regulatory framework, ensuring that consumers may receive telecom services at reasonable costs. The industry is now among the top five employers in the nation and has one of the quickest rates of growth because to the relaxation of rules governing foreign direct investment (FDI).

The following subsectors include the telecommunications industry: Broadband, White Space Spectrum, 5G, MNVOs (Mobile Virtual Network Operators), Infrastructure, and Equipment.

Review of Literature

Aakash Agarwal, Kritika Sharma, and Vignesh Ramanan (2021) studies, “Assessment of Telecom Industry in India – From 2007 to 2020” concluded that considering the importance of the industry on the development of the country, it is advisable that the government not indulge in the practice of selling spectrum rights at high prices and then collecting rent on it as revenue share.

V Srinivasan, (2022) studied, “Telecom Industry Current Trends in India” and concluded that Government provides various benefits to telecom industries and tracking activities. Regulate call rates and data provided. Indian telecom sector tackles difficulties to sustain successful stage.

Siddhant Masson, Rachit Jain, Narendra Mani Ganesh, and Sajeev Abraham George (2016) studied, “Operational efficiency and service delivery performance: A comparative analysis of Indian telecom service providers” concluded that those Businesses that perform well in terms of both operational effectiveness and service delivery efficacy have made more money.



Mohmad Mushtaq Khan and Dr. Syed Khaja Safiuddin (2016) studied, “Liquidity & Profitability Performance Analysis Of Selected Telecom Companies” and concluded that there is a vast difference in the performance of selected Telecom companies in terms of liquidity and profitability performance.

Objectives of the study

- The major objective of the study was to analyze the profitability performance of five Telecommunication service provider companies in India.
- To measure the profitability performance of selected telecommunication service provider companies.
- To compare the profitability status of selected companies.
- To understand the financial health of telecommunication service provider companies.

Sampling: For the study, Five Telecommunication Service Provider Companies are selected:

1. MTNL Mahanagar Telephone Nigam Ltd
2. Reliance Communications Ltd
3. Bharti Airtel Ltd
4. Vodafone Idea Ltd
5. Tata Teleservices (Maharashtra) Ltd

Sources of Data:

The study is based on secondary data. The relevant data for this study was collected through various secondary data sources. The data is collected from various official sites and money control websites as well as various reports, research papers, books, etc.

Data analysis: Data were analyzed and interpreted using financial and statistical tools i.e. Ratio analysis, Mean, Standard Deviation, Minimum, Maximum.



Limitations:

- The study is mainly based on secondary data sources.
- The study is limited to only Five selected Telecommunication Service Provider Companies.
- The data covers the five years 2019 to 2023.

Data Analysis and Interpretation

Table 1: MTNL (Mahanagar Telephone Nigam Ltd.)

(in %)

YEAR	PBDIT	PBIT	PBT	NET PROFIT	RONW	ROCE	ROA	ATR
2019	-35.38	-84.86	-170.55	-170.55	0	-54.09	-23.09	13.54
2020	-50.91	-114.17	-240.54	-240.54	0	702.3	-22.18	9.22
2021	40.26	-27.2	-188.83	-188.83	0	-12.41	-18.43	9.76
2022	27.65	-43.29	-243.29	-243.29	0	35.8	-21.15	0.08
2023	18.57	-64.58	-337.84	-337.84	0	80.78	-25.01	0.07
MEAN	0.038	-66.82	-236.21	-236.21	0	150.476	-21.972	6.534
SD	40.539	34.263	65.1030	65.103057	0	312.608	2.43639	6.12664
MIN	-50.91	-114.17	-337.84	-337.84	0	80.78	-25.01	0.07
MAX	40.26	-27.2	-170.55	-170.55	0	702.3	-18.43	13.54

Source: Moneycontrol.com

Table 1 shows that MTNL has the highest mean value of 150.47, highest value SD of 312.60, Minimum value of -337.84, and Maximum value of 703.3.



Table 2: Reliance Communications Ltd.

(in %)

YEAR	PBDIT	PBIT	PBT	NET PROFIT	RONW	ROCE	ROA	ATR
2019	-2.17	-22.26	627.77	206.45	0	-2.45	4.58	2.22
2020	-174.69	-197.06	-2061.49	-5542.54	0	4.91	-100.26	1.8
2021	-24.84	-52.17	-52.17	-1012.21	0	0.66	-10.91	1.07
2022	-38.26	-75.94	-75.94	-1628.11	0	0.6	-12.62	0.01
2023	-19.27	-54.21	-54.21	-3181.02	0	0.33	-26.2	0.01
MEAN	-51.846	-80.328	-323.208	-2231.486	0	0.81	-29.082	1.022
SD	69.8810	67.9936	1016.48	2216.9191	0	2.63318	41.2582	1.01132
MIN	-174.69	-197.06	-2061.49	-5542.54	0	-2.45	-100.26	0.01
MAX	-2.17	-22.26	627.77	206.45	0	4.91	4.58	2.22

Source: Moneycontrol.com

Table 2 shows that Reliance Communications Ltd has the highest mean value of 1.022, SD of 2216.91, Minimum value of -5542.54, and Maximum value of 627.77.



Table 3: Bharti Airtel Ltd.

(in %)

YEAR	PBDIT	PBIT	PBT	NET PROFIT	RONW	ROCE	ROA	ATR
2019	30.07	-0.4	-10.57	-3.76	-1.9	-0.12	-0.83	22.25
2020	41.19	3.65	-93.93	-66.43	-35.7	0.95	-12.01	18.08
2021	47.21	13.01	-28.7	-39.17	-32.57	4.05	-9.07	23.15
2022	51.68	16.87	-5.99	-5.13	-4.59	5.66	-1.27	0.25
2023	54.8	23.69	1.49	-0.1	-0.11	7.8	-0.02	0.27
MEAN	44.99	11.364	-27.54	-22.918	-14.974	3.668	-4.64	12.8
SD	9.78477	9.78331	38.7430	28.989328	17.5988	3.27581	5.50361	11.6061
MIN	30.07	-0.4	-93.93	-66.43	-35.7	-0.12	-12.01	0.25
MAX	54.8	23.69	1.49	-0.1	-0.11	7.8	-0.02	23.15

Source: Moneycontrol.com

Table 3 shows that Bharti Airtel Ltd has the highest mean value of 44.99, highest value SD of 38.74, Minimum value of -93.93, and Maximum value of 54.8.



Table 4: Vodafone Idea Ltd.

(in %)

YEAR	PBDIT	PBIT	PBT	NET PROFIT	RONW	ROCE	ROA	ATR
2019	13.47	-25.65	-47.99	-38.13	-22.13	-5.27	-6.03	15.81
2020	35.11	-18.3	-139.29	-163.55	-812.45	-6.11	-31.95	19.53
2021	40.04	-14.92	-111.13	-111.08	0	-4.53	-22.79	20.51
2022	40.63	-19.16	-73.87	-73.87	0	-5.5	-14.56	0.19
2023	39.47	-13.87	-69.91	-69.91	0	-3.94	14.13	0.21
MEAN	33.744	-18.38	-88.438	-91.308	-166.91	-5.07	-12.24	11.25
SD	11.5406	4.63085	36.3744	47.957524	360.991	0.84779	17.6005	10.2384
MIN	13.47	-25.65	-139.29	-163.55	-812.45	-6.11	-31.95	0.19
MAX	40.63	-13.87	-47.99	-38.13	0	-3.94	14.13	20.51

Source: Moneycontrol.com

Table 4 shows that Vodafone Idea Ltd has the highest mean value of 33.744, SD of 360.991, Minimum value of -812.45, and Maximum value of 40.63.



Table 5: Tata Teleservices (Maharashtra) Ltd.

(in %)

YEAR	PBDIT	PBIT	PBT	NET PROFIT	RONW	ROCE	ROA	ATR
2019	57.3	43.4	-52.27	-52.27	0	-6.08	-14.5	27.75
2020	42.33	24.23	-344.62	-344.62	0	-2.34	-216.66	62.87
2021	49.15	32.98	-191.31	-191.31	0	-4.05	-132.32	69.16
2022	44.04	29.39	-111.08	-111.08	0	-3.98	-89.04	0.76
2023	45.76	32.45	-103.48	-103.48	0	-3.98	-94.54	0.86
MEAN	47.716	32.49	-160.55	-160.552	0	-4.086	-109.41	32.28
SD	5.92151	7.01974	114.298	114.29869	0	1.32743	73.6060	32.7762
MIN	42.33	24.23	-344.62	-344.62	0	-6.08	-216.66	0.76
MAX	57.3	43.4	-52.27	-52.27	0	-2.34	-14.5	69.16

Source: Moneycontrol.com

Table 5 shows that Tata Teleservices (Maharashtra) Ltd has the highest mean value of 47.716, highest value SD of 114.29, Minimum value of -344.62, and Maximum value of 69.16.

The detailed analysis of five service provider telecom companies indicates that Bharti Airtel Ltd has the highest Net Profit and Return on assets (ROA) values. MTNL has the highest Return on capital employed (ROCE) values.

Conclusion

Financial performance analysis is a useful tool for identifying a company's strengths and shortcomings as well as for anticipating its short- and long-term goals. The profitability of industries is inversely correlated with their liquidity position. Indicates that Bharti Airtel Ltd has the highest Net Profit and Return on assets (ROA) values. MTNL has the highest Return on capital employed (ROCE) values.



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