

## **Bharti Airtel Limited Vs Vodafone- A Comparative Study**

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*ABSTRACT: Financial analysis is done in order to assess the company's performance. In this present economy the market has become globally competitive so the survival of the company depends upon its efficiency. Hence it is necessary to evaluate the financial performance of the companies. The purpose of this study is to make financial analysis of the two selected companies namely Bharti Airtel and Vodafone. There are various financial tools and techniques for financial analysis. This study is based on the technique of accounting such as comparative statement which is used to examine the financial analysis of these two companies. This study is made for five years i.e. from 2014-2015 to 2018-2019. Balance sheets of both the companies are analyzed using comparative statement analysis in statement form as per Companies Act of 2013. At the end of the study we can able to analyze which company is performing good.*

*KEYWORDS: Financial analysis, comparative statement, Bharti Airtel, Vodafone*

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## INTRODUCTION

The telecommunication sector plays an increasingly important role in Indian economy. It contributes to Gross Domestic Product (GDP), generates revenue for Government and creates employment. Changes in telecommunication are impacting all types of user group, which include business users, travelling users, small and home officers and residential users. Telecommunications are telecom is basically the transmission of signals over long distances. Wireless telecommunication carries provide telephone, internet, data and other services to customers through transmission of signals over network of radio towers. A large component of this industry segment consists of companies that provide cellular phone service, which has grown rapidly. The acceptance rate of telecommunication and information service is accelerating significantly. The telecommunication industry is providing to be a dynamic catalyst that is fueling the engines of economic growth in a manner the world has never previously experienced. Telecommunication has been one of the fastest growing industries in India. The telecom services have been recognized worldwide as an important sector for socio-economic development for a nation and hence telecom infrastructure is treated as a crucial factor.

## OBJECTIVE OF THE STUDY

To know the financial soundness of Bharti Airtel and Vodafone by using comparative statement on the balance sheet of the respected companies.

## SCOPE OF THE STUDY

The study is based on the accounting information of Bharti Airtel and Vodafone. By using the consolidated balance sheet of both the selected companies' comparative statement is prepared for a period of five years from the financial year 2014-2015 to 2018-2019.

## DATA COLLECTED

The study was fully based on secondary data. It was collected from various websites.

## TOOL USED

Comparative statement

## LIMITATION OF THE STUDY

This study is done for a limited period of time that is only for five financial years from 2014-2015 to 2018-2019.

## REVIEW OF LITERATURE

Dr.S.Vijayalakshmi and etal (2017) has a study on the “Growth and performance analysis of Bharti Airtel limited”. The objective of the study is to analyze the growth and performance of the company and assess the trend of share price for a period of five year from 2011 to 2016. To fulfill the objective of this study trend analysis, common size balance sheet has been used. This study finally reveals that because there is a fluctuation in sales and gross profit. The company could not meet its short term obligations and it also represent the company tries to reduce the impact of deduction of fixed asset.

Raza (2015) had made a study on the financial performance of Indian telecom industry: A comparative study of Bharat Sanchar Nigam Limited and Bharti Airtel. In order to earn continued profitability it is a must for every businessman to have a better knowledge of the industry he/she is working in. soundness of an industry is studied based on its financial or profitability performance. By conducting an analysis on financial performance a company can bring up a strategy which will help for the growth of the business. In this research the author has analyzed the financial performance of Indian telecom sector with a special focus on BSNL and airtel. The result of the financial performance analysis of the selected companies revealed that the performance of airtel was better than BSNL.

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## DATA ANALYSIS AND INTERPRETATION

**Table No.1**

### Comparative Balance Sheets for the year 2014-15 and 2015-16

(Rs. IN CRORES)      Airtel      Vodafone

Particulars	2015	2016	Increase/ Decrease (Rs.)	Increase/ Decrease (%)	2015	2016	Increase/ Decrease (Rs.)	Increase/ Decrease (%)
Equities & Liabilities								
1.Shareholder's Funds								
A. Equity Share Capital	1998.70	1998.70	-	-	3,597.84	3,600.51	2.67	0.07
B. Reserves & Surplus	76272.10	109730.40	33458.30	43.87	18,292.30	21,164.69	2,872.39	15.70
2.Non-Current Liabilities								
A. Long Term Borrowings	19626.70	41457.00	21830.30	111.23	16,006.49	35,904.04	19,897.55	124.31
B. Deferred Tax Liabilities (Net)	1072.10	1698.40	626.30	58.42	1,609.08	2,235.73	626.65	38.94
C. Other Long Term Liabilities	4203.60	2074.40	-2129.20	-50.65	1,174.89	2,768.37	1,593.48	135.63
D. Long Term Provisions	196.9	222.3	25.40	12.90	282.07	335.33	53.26	18.88
3.Current Liabilities								
A. Short Term Borrowings	627.2	709.9	82.7	13.18	151.39	1,651.59	1,500.2	990.95
B. Trade Payables	7123.20	11970.60	4847.40	68.05	2,970.18	3,203.87	233.69	7.87
C. Other Current Liabilities	14067.50	15057.40	989.90	7.04	13,292.74	7,705.43	-5,587.31	-42.03
D. Short Term Provisions	1234.90	118.9	-1116.00	-90.37	298.87	91.63	-207.24	-69.34
<b>Total</b>	<b>126422.9</b>	<b>185018</b>	<b>58595.1</b>	<b>46.35</b>	<b>57675.87</b>	<b>78661.19</b>	<b>20985.32</b>	<b>36.38</b>
Assets								
1.Non-Current Assets								
A. Tangible Assets	25655.20	31267.30	5612.10	21.88	17,898.05	20,963.36	3,065.31	17.13
B. Intangible Assets	27789.20	60658.20	32869.00	118.28	14,215.86	44,007.94	29,792.08	209.57
C. Capital Work-In-Progress	2656.10	2858.80	202.70	7.63	5,079.45	661.35	-4,418.10	-86.98
2. Fixed Assets	6410.8	971.5	33244.50	53.18	0.01	5377.48	33,816.78	90.92
A. Non-Current Investments	38395	69896.50	31500.70	82.04	1,646.61	1,666.85	20.24	1.23

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B. Deferred Tax Assets (Net)	0	2307.00	2307.00		0	0	0.00	0
C. Long Term Loans And Advances	8838.10	2886.10	-5952.00	-67.34	3,890.67	2.5	-3,888.17	-99.94
D. Other Non-Current Assets	1922.10	2761.60	839.50	43.68	0	2,199.89	2,199.89	Infinity
3. Current Assets								
A. Current Investments	4721.10	0.8	-4720.30	-99.98	11,167.50	832.85	-10334.65	-92.54
B. Inventories	9.4	5.3	-4.10	-43.62	58.3	85.15	26.85	46.5
C. Trade Receivables	3311.00	3172.40	-138.60	-4.19	932.19	1,136.06	203.87	21.87
D. Cash And Cash Equivalents	388.7	46.6	-342.10	-88.01	1,541.94	757.66	-784.28	-50.86
E. Short Term Loans And Advances	5394.20	4337.60	-1056.60	-19.59	1,139.12	1.66	-1137.46	-99.85
F. Other Current Assets	932	3858.30	2926.30	313.98	106.17	962.44	856.27	806.51
<b>Total</b>	<b>126422.9</b>	<b>185028</b>	58605.1	46.35	<b>57675.87</b>	<b>78661.19</b>	20985.32	36.38

Source: <https://m.moneycontrol.com>

The equity share capital of Bharti Airtel Company hasn't seen any change but the share capital of Vodafone Company increased by .07%. The reserves and surplus of Bharti Airtel is higher compared to that of the Vodafone. The other long term liability has a decreasing percentage whereas the Vodafone has an increasing percentage. Capital work in progress of Vodafone Company has a decreasing percentage of change while Airtel has a 7.63% of increase. The current investments of both the companies are drastically moving towards a decreasing percentage which is not good for both the companies. Cash and cash equivalents of both the companies are in a decreasing percentage.

**Table No.2**

**Comparative Balance Sheets for the year 2015-16 and 2016-17**

(Rs. IN CRORES)

Airtel

Vodafone

Particulars	2016	2017	Increase/ Decrease (Rs.)	Increase/ Decrease (%)	2016	2017	Increase/ Decrease (Rs.)	Increase/ Decrease (%)
Equities & Liabilities								
1.Shareholder's Funds								
A. Equity Share Capital	1,998.70	1,998.70	-	-	3,600.51	3,605.33	4.82	0.13
B. Reserves & Surplus	109,730.40	99,208.60	-10521.80	-9.59	21,164.69	20,118.43	-1,046.26	-4.94
2.Non-Current Liabilities								
A. Long Term Borrowings	41,457.00	50,342.10	8885.10	21.43	35,904.04	51,637.83	15,733.79	43.82
B. Deferred Tax Liabilities (Net)	1,698.40	0	-1698.40	-100.00	2,235.73	1,679.11	-556.62	-24.90
C. Other Long Term Liabilities	2,074.40	4,038.80	1964.40	94.70	2,768.37	1,494.18	-1,274.19	-46.03
D. Long Term Provisions	222.3	233	10.70	4.81	335.33	331.1	-4.23	-1.26
3.Current Liabilities								
A. Short Term Borrowings	700.6	9,752.60	9052	1292.03	1,645.58	33.65	-1,611.93	-97.96
B. Trade Payables	11,970.60	14,969.80	2999.20	25.05	3,203.87	3,992.13	788.26	24.60
C. Other Current Liabilities	15,057.40	10,964.90	-4092.50	27.18	7,705.43	12,854.49	5,149.06	66.82
D. Short Term Provisions	118.9	129.1	10.20	8.58	91.63	16.17	-75.46	-82.35
<b>Total</b>	<b>185028</b>	<b>191637.6</b>	<b>6609.6</b>	<b>3.57</b>	<b>78655.19</b>	<b>95762.43</b>	<b>17107.24</b>	<b>21.75</b>
Assets								
1.Non-Current Assets								
A. Tangible Assets	31267.30	38117.60	6850	21.91	20,963.36	22,188.52	1,225.16	5.84
B. Intangible Assets	60658.20	73405.20	12747.00	21.01	44,007.94	53,936.46	9,928.52	22.56
C. Capital Work-In-Progress	2858.80	1181.80	-1677.00	-58.66	661.35	1,324.40	663.05	100.26
2. Fixed Assets	971.5	8418.4	25367.20	26.49	5377.48	6204.8	827.32	15.38
A. Non-Current Investments	69896.50	45959.00	-23937.50	-34.25	1,666.85	2,226.60	559.75	33.58
B. Deferred Tax Assets (Net)	2307.00	880.8	-1426.20	-61.82	0	0	0.00	0
C. Long Term Loans And	2886.10	1038.90	-1847.20	-64.44	2.5	2.58	0.08	3.20

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Advances								
D. Other Non-Current Assets	2761.60	5952.90	3191.30	115.56	2,199.89	3,257.65	1,057.76	48.08
3. Current Assets								
A. Current Investments	0.8	0	-0.80	-100.00	832.85	4,024.71	3,191.86	383.25
B. Inventories	5.3	3.9	-1.40	-26.42	85.15	54.21	-30.94	-36.34
C. Trade Receivables	3172.40	3211.80	39.40	1.24	1,136.06	1,258.10	122.04	10.74
D. Cash And Cash Equivalents	46.6	173.4	126.80	272.10	757.66	31.27	-726.39	-95.87
E. Short Term Loans And Advances	4337.60	7208.10	2870.50	66.18	1.66	2.06	0.40	24.10
F. Other Current Assets	3858.30	6085.80	2227.50	57.73	962.44	1,251.07	288.63	29.99
<b>Total</b>	<b>185028</b>	<b>191637.6</b>	6609.6	3.57	<b>78655.19</b>	<b>95762.43</b>	17107.24	21.75

Source: <https://m.moneycontrol.com>

The short term borrowings of Bharti Airtel have increased by 1292.03% while Vodafone has decreased by 97.96%. The reserves of both the companies are in a decreasing percentage. The capital work in progress of Bharti Airtel is decreasing; on the other hand Vodafone has increased by 100.26%. Other long term liability of Bharti Airtel has been increased by 94.70% and that of Vodafone is decreased by 46.03%. The long term loans and advances have decreased in Airtel but there is a slight increase of 3.20%. The short term borrowing of Bharti Airtel is increased by 1292.03% and is reduced by 97.96% in the Vodafone which may affect its operating activities. The deferred tax asset of Airtel has reduced by 61.82% which is a source of cash for future. Vodafone has no deferred tax asset so it has no strong impact on cash flow.

**Table No.3**

**Comparative Balance Sheets for the year 2016-17 and 2017-18**

(Rs. IN CRORES)

Airtel

Vodafone

Particulars	2017	2018	Increase/ Decrease (Rs.)	Increase/ Decrease (%)	2017	2018	Increase/ Decrease (Rs.)	Increase/ Decrease (%)
Equities & Liabilities								
1.Shareholder's Funds								
A. Equity Share Capital	1998.70	1998.70	-	-	3605.33	4359.30	753.97	20.91
B. Reserves & Surplus	99208.60	100862.20	1653.60	1.67	20118.43	26161.30	6042.87	30.04
2.Non-Current Liabilities								
A. Long Term Borrowings	50342.10	54468.10	4126.00	8.20	51637.83	56940.80	5302.97	10.27
B. Deferred Tax Liabilities (Net)	0	0	0	0	1679.11	307.9	-1371.1	-81.66
C. Other Long Term Liabilities	4038.80	3780.90	-253.90	-6.29	1494.18	3250.5	1756.32	117.54
D. Long Term Provisions	233	183	-50.00	-21.46	331.1	308	-23.10	-6.98
3.Current Liabilities								
A. Short Term Borrowings	9752.60	10951.7	1199.10	12.29	33.65	21.7	-11.95	-35.51
B. Trade Payables	14969.80	17699.00	2729.20	18.23	3992.13	3548.90	-443.23	-11.10
C. Other Current Liabilities	10964.90	14867.50	3902.60	35.59	12854.49	7030.50	-5819.99	-45.28
D. Short Term Provisions	129.1	126.2	-2.90	-2.25	16.17	21.8	5.63	34.82
<b>Total</b>	<b>191637.6</b>	<b>204937.3</b>	<b>13299.7</b>	<b>6.94</b>	<b>95762.43</b>	<b>101950.7</b>	<b>6188.27</b>	<b>6.46</b>
Assets								
1.Non-Current Assets								
A. Tangible Assets	38117.60	47691.10	9573.50	25.12	22188.52	24454.30	2265.78	10.21
B. Intangible Assets	73405.20	74918.30	1513.10	2.06	53936.46	55230.80	1294.34	2.40
C. Capital Work-In-Progress	1181.80	2738.70	1556.90	131.74	1324.40	651.3	-673.10	-50.82
2. Fixed Assets	8418.4	2804			6204.8	2934	-383.78	-0.46
A. Non-Current Investments	45959.00	48128.20	2169.20	4.72	2226.60	6843.40	4616.80	207.35
B. Deferred Tax Assets (Net)	880.8	1424.40	543.60	61.72	0	0	0	0
C. Long Term Loans And	1038.90	1029.00	-9.90	-0.95	2.58	2.4	-0.18	-6.98



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Advances								
D. Other Non-Current Assets	5952.90	4707.70	-1245.20	-20.92	3257.65	2194.90	-1062.75	-32.62
3. Current Assets								
A. Current Investments	0	0	0	0	4024.71	5612.90	1588.19	39.46
B. Inventories	3.9	6.3	2.40	61.54	54.21	33.9	-20.31	-37.47
C. Trade Receivables	3211.80	4319.60	1107.80	34.49	1258.10	887.4	-370.70	-29.47
D. Cash And Cash Equivalents	173.4	545.1	371.70	214.36	31.27	22.2	-9.07	-29.01
E. Short Term Loans And Advances	7208.10	7249.60	41.50	0.58	2.06	2	-0.06	-2.91
F. Other Current Assets	6085.80	9375.30	3289.50	54.05	1251.07	3081.20	1830.13	146.29
<b>Total</b>	<b>191637.6</b>	<b>204937.3</b>	13299.7	6.94	<b>95762.43</b>	<b>101950.7</b>	6188.27	6.46

Source: <https://m.moneycontrol.com>

The reserves and surplus of Vodafone has a greater increasing percentage of 30.04% compared to Bharti Airtel which is just 1.67% which shows that there is a clear increase in shareholder's fund of Vodafone which may encourage the investors to invest in the Vodafone. Cash and cash equivalents of Bharti Airtel has increased by 214.36%. But Vodafone has a decreasing percentage of 29.01% which is not a good sign for the company. The other non-current assets of both the companies are facing a decreasing percentage of change.

**Table No.4**

### Comparative Balance Sheets for the year 2017-18 and 2018-19

(Rs. IN CRORES)

Airtel

Vodafone

Particulars	Airtel				Vodafone			
	2018	2019	Increase/ Decrease (Rs.)	Increase/ Decrease (%)	2018	2019	Increase/ Decrease (Rs.)	Increase/ Decrease (%)
Equities & Liabilities								
1. Shareholder's Funds								
A. Equity Share Capital	1998.70	1998.70	-	-	4359.30	8735.60	4376.30	100.39
B. Reserves & Surplus	100862.20	96360.60	-4501.60	-4.46	26161.30	54702.00	28540.70	109.10
2. Non-Current Liabilities								
A. Long Term Borrowings	54468.10	58649.40	4181.30	7.68	56940.80	104402.90	47462.10	83.35

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B. Deferred Tax Liabilities (Net)	0	0	0	0	307.9	0	-307.90	-100.00
C. Other Long Term Liabilities	3784.90	5021.00	1236.10	32.66	3246.5	11096.5	7850	241.79
D. Long Term Provisions	183	192.7	9.70	5.30	308	339.2	31.20	10.13
3. Current Liabilities								
A. Short Term Borrowings	10947.70	25141.3	14193.6	129.65	21.7	4120.70	4099.00	18889.40
B. Trade Payables	17699.00	19168.00	1469.80	8.30	3548.90	12674.30	9125.40	257.13
C. Other Current Liabilities	14867.50	16045.00	1177.50	7.92	7034.50	36944.80	29910.30	425.19
D. Short Term Provisions	126.2	108.8	-17.40	-13.79	21.8	37.1	15.30	70.18
<b>Total</b>	<b>204937.3</b>	<b>222684.7</b>	17747.4	8.66	<b>101950.7</b>	<b>233053.1</b>	131102.4	128.59
Assets								
1. Non-Current Assets								
A. Tangible Assets	47691.10	56545.50	8854.40	18.57	24454.30	49341.10	24886.80	101.77
B. Intangible Assets	74918.30	75188.50	270.20	0.36	55230.80	127320.30	72089.50	130.52
C. Capital Work-In-Progress	2738.70	5297.00	2558.30	93.41	651.3	2332.50	1681.20	258.13
2. Fixed Assets	2804	270.3	9149.20	7.14	2934	2744.3	98467.80	118.25
A. Non-Current Investments	48128.20	36807.20	11321.00	23.52	6843.40	6662.40	-181.00	-2.64
B. Deferred Tax Assets (Net)	1424.40	5151.20	3726.80	261.64	0	8935.10	8935.10	0
C. Long Term Loans And Advances	1029.00	15103.20	14074.20	1367.76	2.4	0.8	-1.60	-66.67
D. Other Non-Current Assets	4707.70	7802.00	3094.30	65.37	2194.90	16431.70	14236.80	648.63
3. Current Assets								
A. Current Investments	0	1669.60	1669.60		5612.90	6689.00	1076.10	19.17
B. Inventories	6.3	1	-5.30	-84.13	33.9	0	-33.90	-100.00
C. Trade Receivables	4319.60	3849.00	-470.60	-10.89	887.4	3308.10	2420.70	272.79
D. Cash And Cash Equivalents	545.1	219.6	-325.50	-59.71	22.2	784.4	762.20	3433.33
E. Short Term Loans And Advances	7249.60	2124.40	-5125.20	-70.70	2	1339.60	1337.60	66880.00
F. Other Current Assets	9375.30	12657.00	3281.70	35.00	3081.20	7163.80	4082.60	132.50
<b>Total</b>	<b>204937.3</b>	<b>222685.5</b>	17747.4	8.66	<b>101950.7</b>	<b>233053.1</b>	131102.4	128.59

Source: <https://m.moneycontrol.com>

The deferred tax liability of the Bharti Airtel is nil. Whereas the Vodafone company has faced a decreasing percentage that is 100%. The short term loans and advances of Bharti Airtel have a decreasing percentage but the Vodafone has increased. Trade payables of Airtel are increased by 8.30% and Vodafone is increased by 257.13% which is favorable for the companies cash balance. Trade receivables is decreased by 10.89% in Airtel and decreased by 272.79% in Vodafone which may result in short of money.

### FINDINGS

- Bharti Airtel turned into a stronger performance than rivals Vodafone India and Idea during the year 2015-16 and 2016-17.
- But it is found that after the merger of Vodafone with Idea in the year 2017-18, the financial performance of Vodafone is also relatively better.
- The liability of Bharti Airtel is less than Vodafone Idea's and so it has better position in the Indian market.
- There is no source of cash for Vodafone Company to pay off its liability. It has cash merely to continue its operations.
- The study shows that the financial performance of Bharti Airtel is better than Vodafone.

### CONCLUSION

The present study is a Comparative statement analysis of Bharti Airtel and Vodafone Companies based on the data extracted. The study also reveals that the financial performances of both the selected companies are fair. The financial performance of both the Companies can be performed further to attain a satisfactory position. After comparison and analysis of balance sheet of both the companies we conclude that Airtel being a mature player in the market and Vodafone Idea which is growing through strenuous amalgamation have been challenging each other to gain better market in telecommunication sector. Ultimately Vodafone Idea is struggling in telecommunication sector to compete effectively against Bharti Airtel.

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