



## **A STUDY ON FINANCIAL COMPARISON OF TELECOMM COMPANIES JIO VS AIRTEL**

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### **ABSTRACT**

The telecommunications industry in India has undergone a radical transformation in recent years, driven by intense competition, technological advancements, and evolving consumer demands. Reliance Jio and Bharti Airtel have emerged as the dominant players, shaping the market through aggressive strategies and significant investments. This project, titled "Financial Comparison of Telecom Giants: Jio vs. Airtel," aims to analyze and compare the financial performance, operational efficiency, and strategic approaches of these two companies over the past five years.

Using a combination of quantitative financial analysis (including profitability, liquidity, and leverage ratios) and qualitative assessment (such as SWOT analysis), the study evaluates key metrics like revenue growth, net profit margins, debt management, and market share. Secondary data from annual reports, regulatory filings, industry research, and analyst reports form the basis of this research. The findings highlight the contrasting financial strategies of Jio and Airtel—Jio's disruptive, growth-focused model backed by Reliance's deep pockets versus Airtel's balanced approach prioritizing premium customers and profitability.



## **1.INTRODUCTION**

The Indian telecommunications industry has undergone a remarkable transformation over the past decade, driven by technological advancements, increasing digital adoption, and intense competition. At the forefront of this evolution are two telecom giants: Reliance Jio and Bharti Airtel. While Jio, a relatively new entrant, disrupted the market with its affordable data plans and digital-first approach, Airtel, a seasoned player, has leveraged its extensive infrastructure and customer base to remain a formidable competitor.

This project, titled "A Financial Comparison of Telecom Companies : Jio vs Airtel," aims to provide a comprehensive analysis of the financial performance and health of these two companies. By examining key financial ratios such as liquidity ratios (Current Ratio, Quick Ratio), profitability ratios (Net Profit Ratio, Operating Ratio), efficiency ratios (Fixed Assets Turnover Ratio), and leverage ratios (Debt-Equity Ratio, Interest Coverage Ratio), we can gain valuable insights into their operational efficiency, financial stability, and growth strategies. Additionally, the analysis of the Gross Non-Performing Assets (GNPA) Ratio will shed light on their asset quality and credit risk exposure.

The comparison will not only highlight the strengths and weaknesses of each company but also provide a deeper understanding of how their financial strategies have shaped their positions in the highly competitive telecom sector. Through this study, we aim to uncover the factors that have contributed to Jio's rapid rise and Airtel's resilience, offering a nuanced perspective on their financial trajectories and future prospects.

The primary objective of this project is to compare the financial health, operational efficiency, and growth trajectories of Jio and Airtel. Key areas of analysis include revenue growth, profitability, debt management, capital expenditure, and market share.



## **2. LITERATURE OF MAIN CONTENTS**

### **2.1 OBJECTIVES OF THE STUDY**

- To Examine the profitability of Jio and Airtel using ratios such as the Net Profit Ratio and Operating Ratio to understand their ability to generate profits.
- To Compare the growth strategies of Jio and Airtel, focusing on their investments in 5G, broadband, and digital services
- To Offer insights and recommendations for investors, stakeholders, and policymakers

### **2.2 SCOPE OF THE STUDY**

This study focuses on a comprehensive financial comparison of two telecom giants in India: Reliance Jio and Bharti Airtel. The analysis covers the years 2021-2022, 2022-2023, and 2023-2024, providing insights into their financial performance, operational efficiency, and strategic positioning.

### **2.3 STATEMENT OF THE PROBLEM**

Frequent changes in telecom regulations, spectrum pricing, and adjusted gross revenue (AGR) dues create uncertainty and financial strain for both companies. Bharti Airtel struggles with high operational costs, impacting its profitability. Reliance Jio, while more efficient, faces rising costs due to its aggressive 5G rollout and infrastructure investments

### **2.4 RESEARCH AND METHODOLOGY**

The study adopts a descriptive and comparative research design to analyze the financial performance of Reliance Jio and Bharti Airtel. The focus is on comparing key financial metrics and identifying trends over a three-year period.

### **2.5 TOOLS USED**

- Ratio Analysis
- Comparative Statement Analysis
- Cash Flow Analysis
- SWOT Analysis

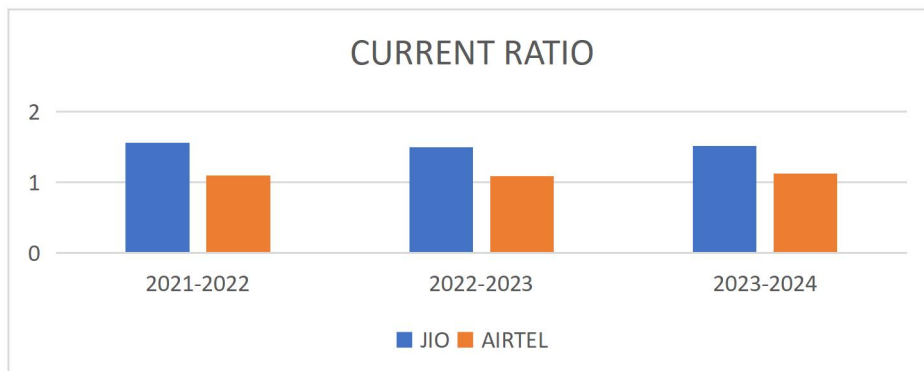


### 3. ANALYSIS AND INFERENCE

#### 3.1 TABLE SHOWING CURRENT RATIO

Companies	2021-2022	2022-2023	2023-2024	Interpretations
Reliance Jio	1.56	1.5	1.52	Jio maintains strong liquidity, consistently above 1.5, indicating good short-term financial health.
Bharti Airtel	1.1	1.09	1.13	Airtel's liquidity is improving but remains lower than Jio's, indicating moderate short-term financial health.

#### CHART SHOWING CURRENT RATIO



#### INFERENCE

Reliance Jio's Current Ratio remains consistently above 1.5 across all three years, indicating strong liquidity and the ability to meet short-term obligations comfortably. This reflects Jio's efficient management of current assets and liabilities. On the other hand, Bharti Airtel's Current Ratio improves slightly from 1.10 to 1.13 but remains lower than

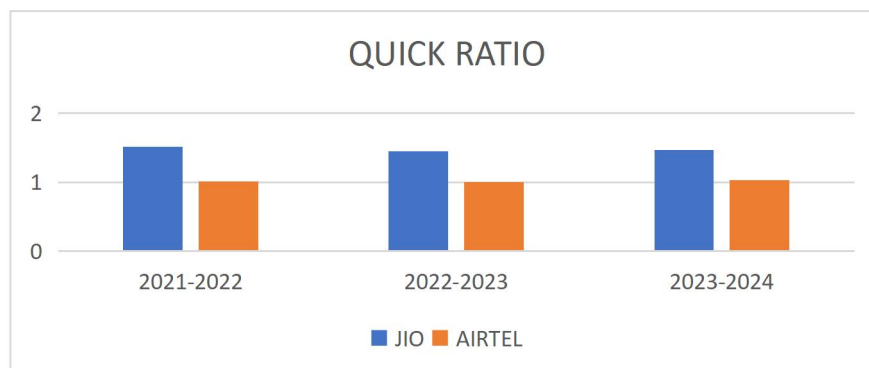


Jio's, suggesting moderate liquidity. Airtel's lower ratio indicates a need for better management of short-term financial obligations to match Jio's liquidity strength.

### 3.2 TABLE SHOWING QUICK RATIO

Companies	2021-2022	2022-2023	2023-2024	Interpretations
Reliance Jio	1.51	1.45	1.47	Jio's quick ratio remains high, reflecting strong immediate liquidity without relying on inventory.
Bharti Airtel	1.01	1	1.03	Airtel's quick ratio is improving but remains lower than Jio's, reflecting moderate immediate liquidity.

### CHART SHOWING QUICK RATIO



### INFERENCE

Jio's Quick Ratio remains high (above 1.45) throughout the study period, reflecting strong immediate liquidity without relying on inventory. This indicates Jio's ability to cover short-term liabilities with its most liquid assets. Airtel's Quick Ratio improves marginally from 1.01 to 1.03 but remains lower than Jio's, indicating moderate immediate liquidity. Airtel's lower quick ratio suggests a reliance on inventory or less liquid assets to meet short-term obligations.





### 3.3 TABLE SHOWING OPERATING RATIO

Companies	2021-2022	2022-2023	2023-2024	Interpretations
Reliance Jio	0.61	0.6	0.59	Jio's operating ratio is low and improving, indicating high operational efficiency.
Bharti Airtel	0.69	0.67	0.65	Airtel's operating ratio is improving but remains higher than Jio's, indicating relatively lower operational efficiency.

### CHART SHOWING OPERATING RATIO



### INFERENCE

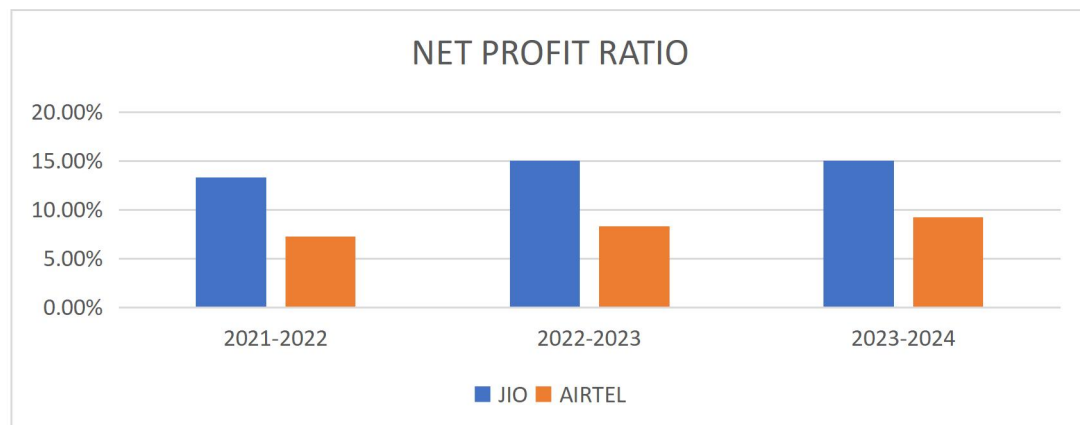
Jio's Operating Ratio is low and improves from 0.61 to 0.59, indicating high operational efficiency and effective cost management. This reflects Jio's ability to generate revenue while keeping operating expenses low. Airtel's Operating Ratio improves from 0.68 to 0.65 but remains higher than Jio's, suggesting relatively lower operational efficiency. Airtel's higher ratio indicates higher operating costs relative to revenue, which impacts its profitability.



### 3.4 TABLE SHOWING NET PROFIT RATIO

Companies	2021-2022	2022-2023	2023-2024	Interpretations
Reliance Jio	13.33%	15.00%	15.00%	Jio's profitability is strong and stable, with a consistent net profit margin of 15%.
Bharti Airtel	7.27%	8.33%	9.23%	Airtel's profitability is improving but remains lower than Jio's, reflecting gradual recovery.

### CHART SHOWING NET PROFIT RATIO



### INFERENCE

Jio's Net Profit Ratio is stable at 15% across all three years, reflecting strong and consistent profitability. This indicates Jio's ability to convert a significant portion of its revenue into profit. Airtel's Net Profit Ratio improves from 7.27% to 9.23% but remains lower than Jio's, indicating gradual recovery in profitability. Airtel's lower ratio suggests that it needs to further optimize costs and improve revenue streams to match Jio's profitability.

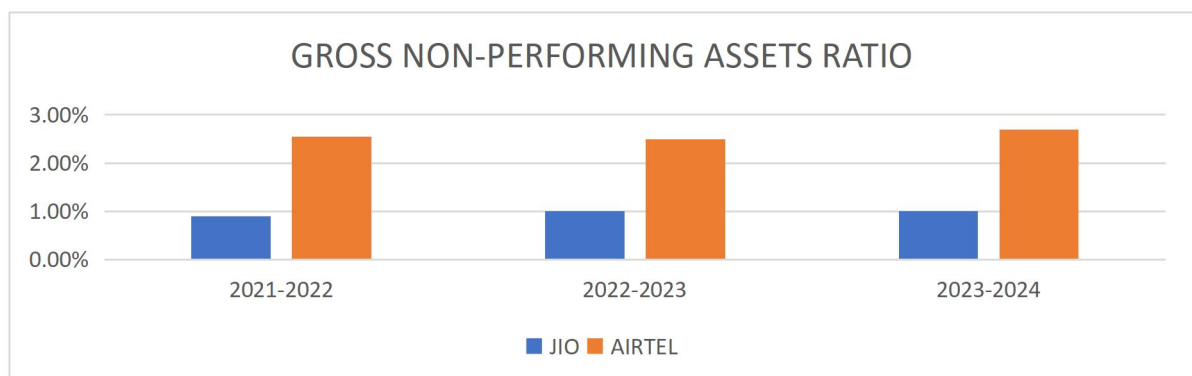




Companies	2021-2022	2022-2023	2023-2024	Interpretations
Reliance Jio	0.89%	1.00%	1.00%	Jio's GNPA ratio is minimal, reflecting low credit risk and strong asset quality.
Bharti Airtel	2.55%	2.50%	2.69%	Airtel's GNPA ratio is higher than Jio's, indicating some credit risk exposure.

**3.5 TABLE SHOWING GROSS NON-PERFORMING ASSETS RATIO**

**CHART SHOWING GROSS NON-PERFORMING ASSETS (GNPA) RATIO**



## INFERENCE

Jio's GNPA Ratio is minimal at 1%, reflecting low credit risk and strong asset quality. This indicates Jio's effective management of loans and advances. Airtel's GNPA Ratio increases slightly from 2.55% to 2.69%, indicating higher credit risk compared to Jio. Airtel's higher ratio suggests a need for better credit risk management to reduce non-performing assets.





#### **4. CONCLUSIONS**

The financial comparison of Reliance Jio and Bharti Airtel highlights the strengths and challenges faced by both companies in the highly competitive Indian telecom industry. Reliance Jio emerges as a clear leader in terms of liquidity, profitability, operational efficiency, and financial stability. Its strong liquidity position, reflected in its high Current Ratio and Quick Ratio, ensures its ability to meet short-term obligations comfortably. Jio's low Operating Ratio and stable Net Profit Ratio of 15% demonstrate its operational efficiency and strong profitability. Additionally, Jio's minimal GNPA Ratio, low Debt-Equity Ratio, and high Interest Coverage Ratio underscore its robust financial health and low credit risk.

On the other hand, Bharti Airtel shows gradual improvement in key areas but continues to face challenges. While Airtel's Current Ratio and Quick Ratio improve slightly, they remain lower than Jio's, indicating moderate liquidity. Airtel's Operating Ratio and Net Profit Ratio also show improvement, but its higher operational costs and lower profitability compared to Jio highlight the need for further optimization. Airtel's higher GNPA Ratio and Debt-Equity Ratio reflect greater credit risk and financial leverage, which require careful management to ensure long-term sustainability.

Despite these challenges, both companies have significant opportunities for growth. The rapid rollout of 5G technology, increasing demand for digital services, and untapped potential in rural markets present avenues for expansion. Jio's strong financial backing and digital ecosystem position it well to capitalize on these opportunities, while Airtel's diversified portfolio and strong brand equity provide a solid foundation for growth.

In conclusion, Reliance Jio's superior financial performance and strategic focus on innovation and cost efficiency give it a competitive edge. However, Bharti Airtel's gradual improvements and resilience in a challenging market environment demonstrate its potential to remain a key player in the industry. By addressing their respective weaknesses and leveraging their strengths, both companies can navigate the dynamic telecom landscape and achieve sustainable growth in the years to come.



## 5.REFERENCE

### ➤ KUMAR AND SHARMA (2020)

Kumar and Sharma analyzed the disruptive impact of Reliance Jio's entry into the Indian telecom market. They highlighted how Jio's affordable pricing, free voice calls, and low-cost data plans revolutionized the industry, forcing competitors to rethink their strategies. The authors also emphasized Jio's digital-first approach, which included services like JioTV, JioSaavn, and JioMart, as key drivers of its rapid growth and market dominance.

### ➤ SINGH AND PATEL (2019)

Singh and Patel explored how Reliance Jio's aggressive expansion reshaped consumer behavior in the Indian telecom sector. They noted that Jio's focus on data services and bundled offerings led to a significant increase in internet penetration and data consumption. The authors also discussed how Jio's strategies forced incumbents like Bharti Airtel to adapt by reducing tariffs and improving service quality.

### ➤ GUPTA AND REDDY (2021)

Gupta and Reddy examined Bharti Airtel's resilience in the face of intense competition from Reliance Jio. They attributed Airtel's success to its strong brand equity, customer loyalty, and strategic investments in network infrastructure. The authors also highlighted Airtel's focus on premium services and its ability to maintain a high Average Revenue Per User (ARPU) compared to its competitors.

### ➤ PRASANNA CHANDRA (2018)

Prasanna Chandra discussed the importance of financial ratios in assessing a company's financial health. He emphasized liquidity ratios like the Current Ratio and Quick Ratio as critical tools for evaluating a company's ability to meet short-term obligations. Chandra also highlighted the significance of profitability ratios, such as the Net Profit Ratio, in understanding a company's ability to generate profits from its operations.

### ➤ MEHTA AND DESAI (2022)

Mehta and Desai analyzed the Debt-Equity Ratio as a measure of financial leverage and risk. They explained how a high Debt-Equity Ratio could indicate higher financial risk, while a low ratio suggests a more conservative capital structure. The authors also discussed how companies like Bharti Airtel, with higher leverage, face greater



challenges in managing debt compared to Reliance Jio, which has a lower Debt-Equity Ratio.