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FINACIAL PERFORMANCE ANALYSIS WITH RESPECT TO RELIANCE INDUSTRIES

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ABSTRACT

This study focuses on analyzing the financial performance of Reliance Industries Limited (RIL), one of India's largest and most diversified conglomerates. The objective is to evaluate the company's financial health and stability through key financial indicators such as profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios over a defined period. The analysis leverages data from the company's annual reports and financial statements to identify trends, strengths, and weaknesses in its financial performance. Tools like comparative analysis and ratio analysis have been employed to provide a comprehensive overview of RIL's financial position in the market. The study also explores the impact of macroeconomic factors and industry-specific developments on the company's performance. By assessing the company's financial strategies and outcomes, this report aims to provide insights into the effectiveness of its operations and the sustainability of its growth trajectory. The findings are expected to assist stakeholders, including investors, analysts, and policymakers, in making informed decisions. This research ultimately underscores the importance of consistent financial monitoring and strategic planning in achieving long-term corporate success.

Keywords: Reliance Industries, Financial Performance, Ratio Analysis, Profitability, Liquidity, Solvency, Efficiency, Annual Reports, Financial Strategy, Corporate Analysis.

1. INTRODUCTION

Finance is the master key that enables all production and merchandising alternatives. Financial achievement is essential for the formulation and administration of financial choices. It's a method of determining an organization's total financial health with time, and moreover a method of assessing how successfully a corporation makes advantage from its commodities beyond its primary company mode to create money. Every firm, large, medium, or small, requires capital to maintain functioning and achieve its goals. Finance is often known as the "living blood" of businesses. No corporation can realize its goals if it has sufficient money. As a result, the study of budget discharge is critical, as it is a way of determining the fiscal outcomes of the campaign of business.

Financial performance monitoring is the process of evaluating a company's financial strengths and weaknesses by properly identifying the connections amongst balance sheet and gains and loss account aspects. It is also useful in short term and long term planning, furthermore growth identification through the use of various financial approaches in financial position analysis. The bank is critical to India's economic progress.

In developing nations, a strong and efficient banking sector provides the required financial resources to the blooming of the economy. It also investigates a company's overall financial health over the years. An organization's financial performance pertains with the financial strengths and weaknesses of the bank, in particular, the hyperlink involving the balance sheet and the income statement.

2. RESEARCH METHODOLOGY

SOURCES OF DATA

Primary data collection is necessary when a researcher cannot find the data needed in secondary sources. Three basic means of obtaining primary data are observation, surveys, and experiments. The choice will be influenced by the nature of the problem and by the availability of time. For this research study Questionnaire was the Primary Data source which is applied.

SAMPLE SIZE:

It refers to the number of elements of the population to sample. Sample size here is 35.

DATA PROCESSING

The study has been carried out with the help of the following data:

Primary data

The primary data was collected through the use of structured questionnaire from the target respondents using survey method.

Secondary data
The secondary data was collected from journals and internet.

TOOLS FOR ANALYSIS

- Percentage Analysis
- Chart Analysis

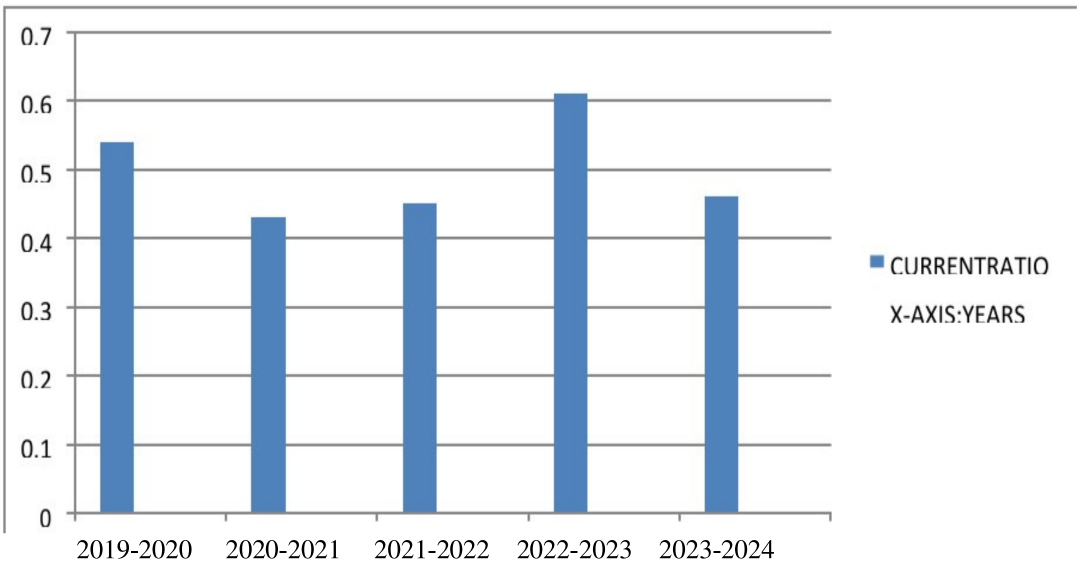
3.DATA ANALYSIS

Formula: Current Ratio=Current Assets/Current Liabilities

TableNo1: Calculation of Current Ratio of RIL

YEAR	CURRENTASSETS (in Rs. Cr.)	CURRENTLI ABILITIES (in Rs. Cr.)	CURRENTRATIO(in times)
2019-2020	67372	125180	0.54
2020-2021	66977	157130	0.43
2021-2022	91856	206043	0.45
2022-2023	129317	213228	0.61
2023-2024	145373	314301	0.46

Source: Annual report of Reliance Industries Limited



Interpretation: The above table and chart depicts the quick ratio of Reliance Industries Limited. Quick ratio is another liquidity ratio that measures how a company meets its short term obligations with its most liquid assets. It is also called as acid test ratio. Quick ratio is calculated by dividing liquid assets by current liabilities. Liquid assets are those assets which are converted into cash easily and quickly. Liquid assets include cash in hand, cash at bank, cash equivalents, accrued income, promissory notes, etc. Liquid assets are calculated by current assets minus inventory and prepaid expenses. Current liabilities are those debts and obligations of a company that are expected to be dealt with within a year. Current liabilities include accounts payable, short term loans, accrued expenses and notes payable. In the above table and chart, quick ratio has been calculated for the past five financial years, i.e., from 2018-2019 to 2023-2024. In the above chart, 'x' axis denotes the financial years and 'y' axis denotes the quick ratio (in times) for the respective financial years. The quick ratio for the year 2018-2019 is 0.08times; 2019-2020 is 0.05times; 2020- 2021 is 0.06 times; 2021-2022 is 0.07 times; 2022-2023 is 0.05 times. From the above table it is clear that the quick ratio of Reliance Industries ranges minimum of 0.05 during the years.

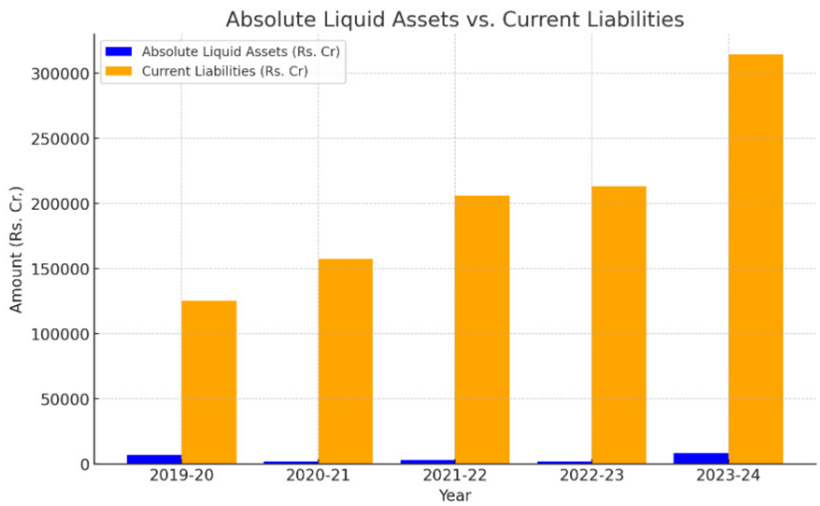
But it is clear that in none of the above years liquid assets and current liabilities are in 1:1 ratio. Hence the company is inefficient to payoff its current liabilities from its immediate liquid assets. RIL has to work on its liquid assets to achieve ideal quick ratio.

4.2 TABLE SHOWING INVESTMENT TO DEPOSIT RATIO

Table 2:- Calculation Of Quick Ratio of RIL

YEAR	ABSOLUTE LIQUIDASSETS (in Rs. CR>)	CURRENT LIABILITIES (in Rs. Cr.)	ABSOLUTE LIQUIDRATIO (in times)
2019-2020	6892	125180	0.06
2020-2021	1754	157530	0.01
2021-2022	2791	206043	0.01
2022-2023	1768	213228	0.02
2023-2024	8443	314301	0.03

Chart 2:



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3. CONCLUSION

During the financial year 2023-2024, Reliance industries limited had given dividend of Rs. 7 per share in the year 2024 against given Rs.13 per share in the year 2023, because the company need capital for its growth plans, even though the profit is increased. The projects like KG D6 and SEZ, r efineries at Jamnagar started for past one year period from 2020, was a successful one.

During the financial year 2023-2024, Reliance Industries limited had made a record performance in profit growth because the projects in Jamnagar namely KG D6 and SEZ refinery was successful and also the Indian's consumer demand was high in manufacturing.

The company had given an increase in one rupee of dividend per share, Rs.8 per share in the year 2022 compared to previous year Rs. 7 per share in 2024.

During the financial year 2023-2024, was a challenging year because economic uncertainty prevails in Europe (debt crisis), and slows down of economic growth across Asia. These result in inverse impact of customer demand for products.

4. REFERENCES

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