

V M V V SANGHA'S



**V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAI COMMERCIAL COLLEGE
HUNGUND**

Project report entitled

**"A PROJECT REPORT ON RELIANCE INDUSTRIES
LIMITED"**

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

Mr. SHARANABASAVA MADIWALAR

B.Com-II Semester

Register Number U15IY22C0027

Under the Guidance of

Mr. SHREESHAIL BOMMASAGAR

**Assistant Professor,
Department of commerce**

2022-23

DECLARATION

I declare that this project report entitled " **A PROJECT REPORT ON RELIANCE INDUSTRIES LIMITED** " independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University**. The project report has been prepared under the guidance of . **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAL COMMERCE COLLEGE HUNGUND.**

I have not submitted his project previously to this university or any other university for the award of any degree.


Date : 24/08/2023
Place : HUNGUND


Mr. Sharanabasava Madiwalar

CERTIFICATE

This is to certify that **Mr. Sharanabasava Madiwalar** is a bonafide student of the Department of Commerce, bearing REG NO : U15IY22C0027 during the academic year 2022-23 has satisfactorily completed the project work entitled " **A PROJECT REPORT ON RELIANCE INDUSTRIES LIMITED** " submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.


Mr. SHREESHAIL BOMMASAGAR
(Coordinator)


Prof. B A KANTHI
(HOD OF COMMERCE)


Prof. S K MATH
Principal

Head, Department of Commerce
V.M.K S.R.Vastrad Arts, Science & V.S.Bellihal
V.S.Bellihal Commerce College, Hungund-587118
Vijaya Mahantesh Krupaposhit
Vastrad Arts, Science & V.S.Bellihal
College, Hungund-587118

Acknowledgement

I am greatly indebted to my guide, **Shri. SHREESHAIL BOMMASAGAR** Co-ordinator, *Department of Commerce*, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAI COMMERCE COLLEGE HUNGUND** for his inspiring guidance. In spite of several busy assignments, he has been kind enough to spare his time for giving me pleasure and privilege to work under his guidance.

Further I am also thankful Principal. **Prof. S K MATH** and **Prof. B A KANTHI** Head of the Department in Commerce and. **Mr. S S PATIL** and **Mr. B S HOSAMANI** for their encouragement and help in carrying out this project work.

My sincere thanks to all for supporting me in carrying out project report and I also thanks to library staff and all my friends for their co-operation during the course of project work and I am also thankful to printers of their skilful printing this work.

My parents are main soul for my confidence, determination and strength throughout my life. The sweet hopes and wishes have made me able to present this work.

Last but not the least I take this opportunity to thank and remember all my friends i.e., kumar rakesh ravikumar who are with me and who have helped me throughout my life from the place they have resided in making me feel that I am also one among them who can achieve things as we want.

Date : 24/08/2023
Place : HUNGUND


Mr. Sharanabasava Madiwalar



Reliance

Industries Limited

Reliance Industries Limited (RIL) is an Indian multinational conglomerate headquartered in Mumbai. Reliance owns businesses across India engaged in energy, petrochemicals, textiles, natural resources, retail, and telecommunications. Reliance is one of the most profitable companies in India the largest publicly traded company in India by market capitalisation, and the largest company in India as measured by revenue after recently surpassing the government-controlled Indian Oil Corporation. It is also the eighth largest employer in India with nearly 195,000 employees. On 10 September 2020, Reliance Industries became the first Indian company to cross \$200 billion in market capitalisation.



The company is ranked 96th on the Fortune Global 500 list of the world's biggest corporations as of 2020. It is ranked 8th among the Top 250 Global Energy Companies by Platts as of 2016. Reliance continues to be India's largest exporter, accounting for 8% of India's total merchandise exports with a value of ₹1,47,755 crore and access to markets in 108 countries. Reliance is responsible for almost 5% of the government of India's total revenues from customs and excise duty. It is also the highest income tax payer in the private sector in India.

Type	Public
Traded as	BSE: 500325 NSE: RELIANCE LSE: RIGO BSE SENSEX Constituent NSE NIFTY 50 Constituent
ISIN	INE002A01018
Industry	Conglomerate
Founded	8 May 1973; 48 years ago
Founder	Dhirubhai Ambani
Headquarters	Mumbai, Maharashtra, India
Area served	Worldwide
Key people	Mukesh Ambani (Chairman & MD)
Products	Petroleum, Natural gas, Petrochemicals, Textiles, Retail, Telecommunications, Media, Television, Entertainment, Music, Financial Services, Software
Revenue	Decrease ₹502,653 crore (US\$70 billion) (2021)
Operating income	Decrease ₹76,134 crore (US\$11 billion) (2021)
Net income	Increase ₹53,223 crore (US\$7.5 billion) (2021)
Total assets	Increase ₹1,321,212 crore (US\$190 billion) (2021)
Total equity	Increase ₹693,727 crore (US\$97 billion) (2021)
Owner	Mukesh Ambani (50.54%)
Number of employees	236,334 (2021)

Subsidiaries	Jio Platforms Jio Payments Bank (70%) Reliance Retail Reliance Petroleum Network18 Group (64%) Mumbai Indians Alok Industries Future Group Reliance Foundation
Website	http://www.ril.com/

History

1960–1980

The company was co-founded by Dhirubhai Ambani and Champaklal Damani in 1960's as Reliance Commercial Corporation. In 1965, the partnership ended and Dhirubhai continued the polyester business of the firm. In 1966, Reliance Textiles Engineers Pvt. Ltd. was incorporated in Maharashtra. It established a synthetic fabrics mill in the same year at Naroda in Gujarat. On 8 May 1973, it became Reliance Industries Limited. In 1975, the company expanded its business into textiles, with "Vimal" becoming its major brand in later years. The company held its Initial public offering (IPO) in 1977. The issue was over-subscribed by seven times. In 1979, a textiles company Sidhpur Mills was amalgamated with the company. In 1980, the company expanded its polyester yarn business by setting up a Polyester Filament Yarn Plant in Patalganga, Raigad, Maharashtra with financial and technical collaboration with E. I. du Pont de Nemours & Co., U.S.

1981–2000

In 1985, the name of the company was changed from Reliance Textiles Industries Ltd. to Reliance Industries Ltd. During the years 1985 to 1992, the company expanded its installed capacity for producing polyester yarn by over 1,45,000 tonnes per annum.

The Hazira petrochemical plant was commissioned in 1991–92.

In 1993, Reliance turned to the overseas capital markets for funds through a global depository issue of Reliance Petroleum. In 1996, it became the first private sector company in India to be rated by international credit rating agencies. S&P rated Reliance "BB+, stable outlook, constrained by the sovereign ceiling". Moody's rated "Baa3, Investment grade, constrained by the sovereign ceiling".

In 1995/96, the company entered the telecom industry through a joint venture with NYNEX, USA and promoted Reliance Telecom Private Limited in India.

In 1998/99, RIL introduced packaged LPG in 15 kg cylinders under the brand name Reliance Gas.

The years 1998–2000 saw the construction of the integrated petrochemical complex at Jamnagar in Gujarat, the largest refinery in the world.

2001 onwards

In 2001, Reliance Industries Ltd. and Reliance Petroleum Ltd. became India's two largest companies in terms of all major financial parameters. In 2001–02, Reliance Petroleum was merged with Reliance Industries.

In 2002, Reliance announced India's biggest gas discovery (at the Krishna Godavari basin) in nearly three decades and one of the largest gas discoveries in the world during 2002. The in-place volume of natural gas was in excess of 7 trillion cubic feet, equivalent to about 120 crore (1.2 billion) barrels of crude oil. This was the first ever discovery by an Indian private sector company.

In 2002–03, RIL purchased a majority stake in Indian Petrochemicals Corporation Ltd. (IPCL), India's second largest petrochemicals company, from the government of India, RIL took over IPCL's Vadodara Plants and renamed it as Vadodara Manufacturing Division (VMD). IPCL's Nagothane and Dahej manufacturing complexes came under RIL when IPCL was merged with RIL in 2008.

In 2005 and 2006, the company reorganised its business by demerging its investments in power generation and distribution, financial services and telecommunication services into four separate entities.

In 2006, Reliance entered the organised retail market in India with the launch of its retail store format under the brand name of 'Reliance Fresh'. By the end of 2008, Reliance retail had close to 600 stores across 57 cities in India.

In November 2009, Reliance Industries issued 1:1 bonus shares to its shareholders ₹

In 2010, Reliance entered the broadband services market with acquisition of Infotel Broadband Services Limited, which was the only successful bidder for pan-India fourth-generation (4G) spectrum auction held by the government of India.

In the same year, Reliance and BP announced a partnership in the oil and gas business. BP took a 30 per cent stake in 23 oil and gas production sharing contracts that Reliance operates in India, including the KG- D6 block for \$7.2 billion. Reliance also formed a 50:50 joint venture with BP for sourcing and marketing of gas in India.

In 2017, RIL set up a joint venture with Russian Company Sibur for setting up a Butyl rubber plant in Jamnagar, Gujarat, to be operational by 2018.

In August 2019, Reliance added Fynd primarily for its consumer businesses and mobile phone services in the e-commerce space.



Reliance Industries Limited operates world-class manufacturing facilities across the country at Allahabad, Barabanki, Dahej, Dhenkanal, Hazira, Hoshiarpur, Jamnagar, Kurkumbh, Nagothane, Nagpur, Naroda, Patalganga, Silvassa and Vadodara.

Subsidiaries of Reliance Industries

Reliance Group has 158 + subsidiary companies and 7 associate companies. Here are some of the most popular Reliance Industries Subsidiaries:

➤ Jio Platforms



Jio is essentially a technology company that is a majority-owned subsidiary of Reliance Industries. It is one of the top Reliance subsidiary companies lists. It was announced in October 2019 and has all digital initiatives and the telecommunication assets being housed under it. This new subsidiary holds all the digital business assets including Reliance Jio Infocomm Ltd.

Jio Infocomm in turn holds the Jio connectivity business which includes Mobile, broadband and enterprise, and also the other digital assets. Jio apps are the tech backbone and investment in other tech entities like Haptic, Hathaway, and Den networks among others. In April 2020,

Reliance announced a strategic investment of ₹43,574 crores by Facebook into the Jio Platform. This investment translated into a 9.99% equity stake, on a fully diluted basis. Further in May 2020, Reliance sold roughly 1.15% stake in Jio Platforms for ₹5,656 crores to the American private equity investor, Silver Lake partner. Intel became the 12th company to invest in Reliance Jio platform after it invested ₹1,894.50 crores. In July 2020 Google announced that it will acquire a 7.7% stake in the Jio platform for ₹33,737 crores.

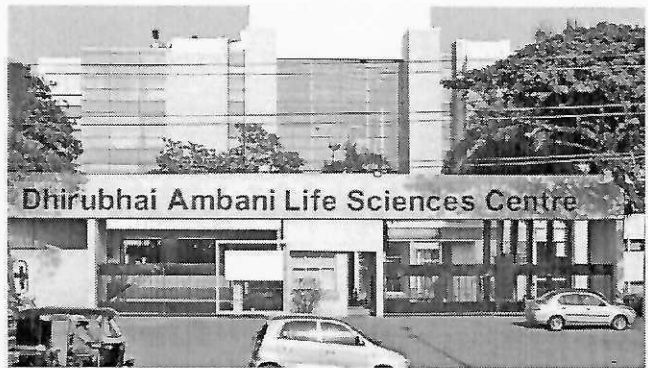
➤ Reliance Retail

Reliance Retail is the retail business wing of Reliance Industries. In March 2013, it had 1466 stores in India. It is the largest retailer in India as it includes many brands like Reliance Fresh, Reliance Footprint, Reliance Time Out, Reliance Wellness, Reliance Trends, Reliance Autozone, Reliance Mart, Reliance iStore, Reliance Home Kitchen, Reliance Home Kitchens, Reliance Market (cash n carry), and Reliance Jewels all come under the banner of Reliance Retail brand. Its annual income revenue for the financial



➤ Reliance Life Science

This company works around medical, plant, and industrial biotechnology opportunities. It specializes in the manufacturing, branding, and marketing of Reliance Industries products in Biopharmaceuticals, clinical research services, regenerative medicine, molecular medicine, novel therapeutics, biofuels, plant biotechnology, and industrial biotechnology sectors of the medical business industry. Reliance Institute of life science (RILS) was established by Dhirubhai Ambani Foundation as it is an institution offering higher education in various fields of life science and related technologies.



➤ Reliance Logistics



It is a single-window company selling transportation, distribution, warehousing, logistics, and supply chain-related products. Reliance Logistics is an asset-based company with its own fleet and infrastructure. It provides logistics services to Reliance group subsidiaries and outside ₹ Merged content from Reliance Logistics to here.

➤ Reliance Clinical Research Services (RCRS)

It is a contract research organization (CRO) and a wholly-owned subsidiary of Reliance Life Science, specializes in the clinical research services industry. Its clients are primarily pharmaceutical, biotechnology, and medical device companies.



➤ Reliance Solar



The solar energy subsidiary of Reliance was established to produce and retail solar energy systems primarily to remote and rural areas. It offers a range of products based on solar energy, solar lantern, home lighting systems, street lighting

➤ Network 18

In the mass media company, it has interests in television, digital platforms, publication, mobile apps, and films. It also operates two joint ventures namely Viacom 18 and History TV18 with Viacom and A+E Network respectively. It also has acquired ETV Network and since renamed its channels under the Colors TV brand.



➤ Relicord

This is a subsidiary for cord blood banking service which is owned by Reliance Life science. It was established in 2002 and has been inspected and accredited by AABB and also has been accorded a license by the Food and Drug Administration (FDA) Government of India.

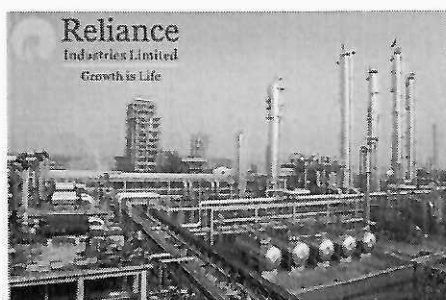


➤ Reliance Jio Infocomm Limited (RJIL)

Previously known as Infotel Broadband, is a broadband service provider which gained 4G licenses for operating across India.



➤ Reliance Industrial Infrastructure Limited (RIIL)



It is an associate company of Reliance Industries. It holds 45.43% of the total shares of Reliance Industries. It mainly engages in the business of setting up and operating industrial infrastructure. The company is also engaged in related activities involving leasing and providing services connected with computer software and data processing.

The company set up a 200-millimeter diameter twin pipeline system that connects the Bharat petroleum refinery at Mahul, Maharashtra. The infrastructure company constructed a 71,000-

kilolitre petrochemical product storage and distribution terminal at the Jawaharlal Nehru Port Trust (JNPT) Area in Maharashtra.

➤ Reliance Eros Productions LLP

Has a joint venture with Eros International to produce film content in India.



➤ LYF



It is a well-known 4G enabled Volte device brand from Reliance Retail. It is one of a Jio reliance subsidiaries, the consumer electronics arm of Reliance Industries Limited.

MANAGEMENT - RELIANCE INDUSTRIES

Name	Designation
Mukesh D Ambani	Chairman & Managing Director
Pawan Kumar Kapil	Executive Director
Hital R Meswani	Executive Director
Yogendra P Trivedi	Non Executive Director
Raghunath A Mashelkar	Non Executive Director
Raminder Singh Gujral	Non Executive Director
Arundhati Bhattacharya	Non Executive Director
P M S Prasad	Executive Director
Nikhil R Meswani	Executive Director
Nita M Ambani	Non Executive Director
Dipak C Jain	Non Executive Director
Adil Zainulbhai	Non Executive Director
Shumeet Banerji	Non Executive Director
K V Chowdary	Non Executive Director

Objective of Financial Analysis

The term 'financial analysis', also known as analysis and interpretation of financial statements', refers to the process of determining financial strengths and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data.

The primary objective of financial statement analysis is to understand and diagnose the information contained in financial statement with a view to judge the profitability and financial soundness of the firm, and to make forecast about future prospects of the firm. The purpose of analysis depends upon the person interested in such analysis and his object.

However, the following purposes or objectives of financial statements analysis:

- (i) To assess the earning capacity or profitability of the firm.
- (ii) To assess the operational efficiency and managerial effectiveness.
- (iii) To assess the short term as well as long term solvency position of the firm.
- (iv) To identify the reasons for change in profitability and financial position of the firm.
- (v) To make inter-firm comparison.
- (vi) To make forecasts about future prospects of the firm.
- (vii) To assess the progress of the firm over a period of time.
- (viii) To help in decision making and control.
- (ix) To guide or determine the dividend action.
- (x) To provide important information for granting credit

Balance Sheet

As at 31st March, 2021-2019

(₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2,92,092	2,97,847	1,94,895
Capital Work-in-Progress	20,765	15,638	1,05,155
Intangible Assets	14,741	8,624	8,293
Intangible Assets Under Development	12,070	12,327	6,402
Financial Assets			
Investments	2,52,620	4,19,073	2,72,043
Loans	65,698	44,348	31,806
Other Non-Current Assets	4,968	4,458	4,287
Total Non-Current Assets	6,62,954	8,02,315	6,22,881
CURRENT ASSETS			
Inventories	37,437	38,802	44,144
Financial Assets			
Investments	94,665	70,030	59,640

Trade Receivables	4,159	7,483	12,110
Cash and Cash Equivalents	5,573	8,443	3,768
Loans	993	15,028	4,876
Other Financial Assets	59,560	16,100	17,127
Other Current Assets	8,332	10,711	11,199
Total Current Assets	2,10,719	1,66,597	1,52,864
Total Assets	8,73,673	9,68,912	7,75,745
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	6,445	6,339	6,339
Other Equity	4,68,038	4,18,245	3,98,983
Total Equity	4,74,483	4,24,584	4,05,322
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	1,60,598	1,78,751	1,18,098
Other Financial Liabilities	4,014	2,924	
Provisions	1,499	1,410	2,483
Deferred Tax Liabilities (Net)	30,788	50,556	47,317
Other Non-Current Liabilities	504	504	504
Total Non-Current Liabilities	1,97,403	2,34,145	1,68,402
Current Liabilities			
Financial Liabilities			
Borrowings	33,152	51,276	39,097
Trade Payables Due to:			
Micro and Small Enterprise	90	116	229
Other Than Micro and Small Enterprise	86,909	70,932	88,012
Other Financial Liabilities	61,172	1,20,618	27,675
Other Current Liabilities	19,563	66,169	46,225
Provisions	901	1,072	783
Total Current Liabilities	2,01,787	3,10,183	2,02,021
Total Liabilities	3,99,190	5,44,328	3,70,423
Total Equity and Liabilities	8,73,673	9,68,912	7,75,745

Statement of Profit and Loss

For the year ended 31st March, 2021-2019

(₹ in crore)

	2020-21	2019-20	2018-19
Income			
Value of Sales	2,76,181	3,62,869	4,00,139
Income from Services	2,759	3,308	1,444
Value of Sales & Services (Revenue) (gross)	2,78,940	3,66,177	4,01,583

Revenue from Operations (net)	245,667	336,953	371,616
Other Income	14,818	13,566	8,822
Total Income	260,485	350,519	380,438
Expenses			
Cost of Material Consumed	1,68,262	2,37,342	2,65,288
Purchase of Stock-in-Trade	7,301	7,292	8,289
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	610	77	(3,294)
Employee Benefits Expense	5,024	6,067	5,834
Finance Costs	16,211	12,105	9,751
Depreciation/Amortisation and Depletion Expense	9,199	9,728	10,558
Other Expenses	30,970	33,347	36,645
Total Expenses	237,577	305,958	333,071
Profit Before Exceptional Item and Tax	22,908	44,561	47,367
Exceptional Item (Net of Tax)	4,304	(4,245)	
Profit Before Tax*	27,212	40,316	47,367
Tax Expenses*			
Current Tax		7,200	9,440
Deferred Tax	(4,732)	2,213	2,764
Profit for the Year	31,944	30,903	35,163
Other Comprehensive Income			
i. Items that will not be reclassified to Profit or Loss	350	(392)	76,892
ii. Income tax relating to items that will not be reclassified to Profit or Loss	(79)	(944)	(16,569)
iii. Items that will be reclassified to Profit or Loss	2,755	(6,921)	(827)
iv. Income tax relating to items that will be reclassified to Profit or Loss	(456)	1,183	178
Total Other Comprehensive Income/(Loss) for the Year (Net of Tax)	2,570	(7,074)	59,674
Total Comprehensive Income for the Year	34,514	23,829	94,837
Earnings Per Equity Share of Face Value of ₹10 each			
Basic (in ₹) – After Exceptional Item	49.66	48.42	55.48
Basic (in ₹) – Before Exceptional Item	42.97	55.07	55.48
Diluted (in ₹) – After Exceptional Item	48.90	48.42	55.47
Diluted (in ₹) – Before Exceptional Item	42.31	55.07	55.47

*Profit before tax is after Exceptional Item and tax thereon. Tax expenses are excluding the Current Tax and Deferred Tax on Exceptional Item.

Cash Flow Statement

For the year ended 31st March, 2021-2019

CASH FLOW OF RELIANCE INDUSTRIES (in ₹ Cr.)	MAR 21	MAR 20	MAR 19
	12 mths	12 mths	12 mths
NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX	27,212.00	40,316.00	47,367.00
Net CashFlow From Operating Activities	-512.00	77,533.00	29,191.00
Net Cash Used In Investing Activities	74,257.00	-143,625.00	-53,949.00
Net Cash Used From Financing Activities	-76,657.00	70,767.00	25,795.00
Foreign Exchange Gains / Losses	0.00	0.00	0.00
Adjustments On Amalgamation Merger Demerger Others	0.00	42.00	0.00
NET INC/DEC IN CASH AND CASH EQUIVALENTS	-2,912.00	4,717.00	1,037.00
Cash And Cash Equivalents Begin of Year	8,485.00	3,768.00	2,731.00
Cash And Cash Equivalents End Of Year	5,573.00	8,485.00	3,768.00

RESULTS AT A GLANCE (FY21 VS FY20)

STANDALONE – RIL

- Revenue for the year was ` 278,940 crore (\$ 38.2 billion) lower by 23.8%
- EBITDA for the year was ` 48,318 crore (\$ 6.6 billion) lower by 27.2%
- Net Profit for the year was ` 31,944 crore (\$ 4.4 billion) higher by 3.4%
- Cash Profit for the year was ` 36,411 crore (\$ 5.0 billion) lower by 15.0%
- Exports for the year was ` 145,143 crore (\$ 19.9 billion) lower by 28.2%

Notes

1. The figures for the corresponding previous period have been regrouped / reclassified wherever necessary, to make them comparable. The figures for quarter ended March 31, 2021 are balancing figures between the audited figures of the full financial year and the reviewed year-to-date figures up to the third quarter of the financial year.

2. The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of the audited standalone financial results, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these audited standalone financial results and current indicators of future economic conditions.

3. Total Non-Convertible Debentures of the Company outstanding (before netting off of prepaid finance charges) as on March 31, 2021 are ` 66,665 crore out of which, secured non-convertible debentures are ` 13,351 crore.

The Secured Non-Convertible Debentures of the Company aggregating ` 13,351 crore as on March 31, 2021

During the year, the Company issued listed Unsecured Non-Convertible Redeemable Debentures amounting to ` 24,955 crore in four tranches (Series K, L, M and N) on private placement basis and redeemed listed Unsecured Non-Convertible Redeemable Debentures amounting to ` 12,000 crore (PPD Series B, C, E, F, PPD1 and PPD2) and listed Secured NonConvertible Redeemable Debentures amounting to ` 500 crore (Series PPD -180 Tranche 1).

Further, during the year, the Company received payment of 3rd tranche, aggregating ` 500 crore, from the holders of partly paid listed Unsecured Non-Convertible Redeemable Debentures (PPD Series -IA).

4. Formulae for computation of ratios are as follows –

Earnings before Interest, Tax and Exceptional Items

Debt Service Coverage Ratio = $\frac{\text{Interest Expense} + \text{Principal Repayments made during the period for long term loans}}{\text{Interest Expense}}$

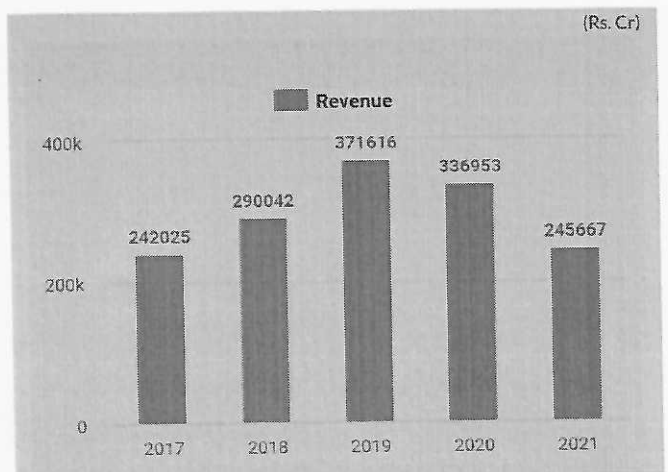
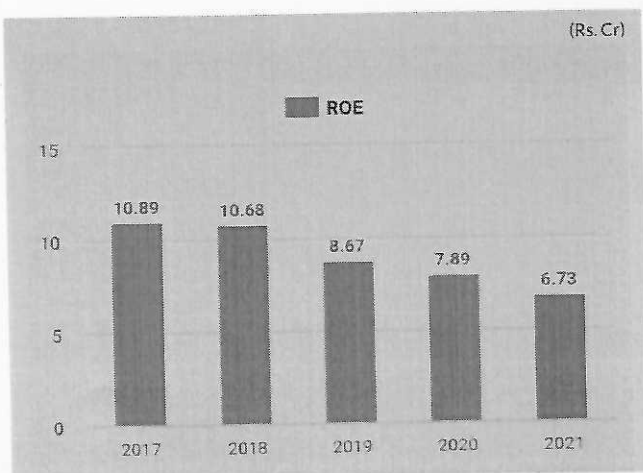
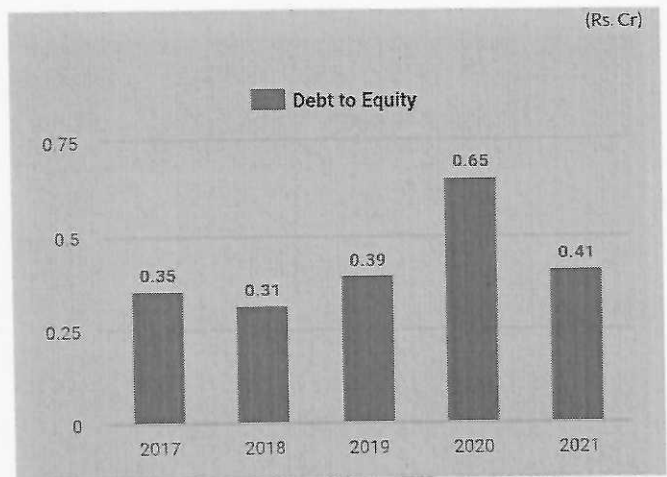
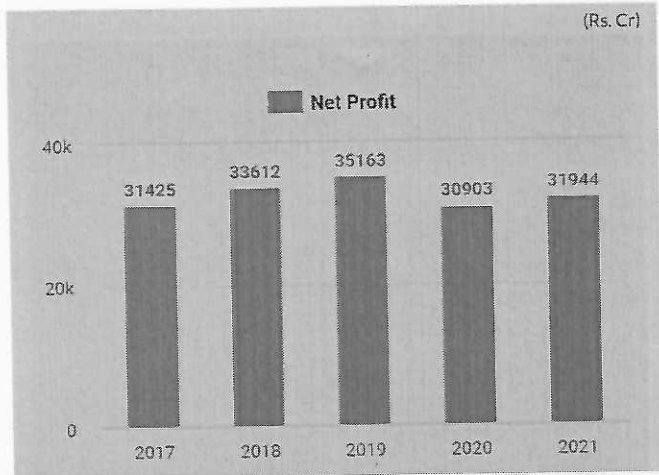
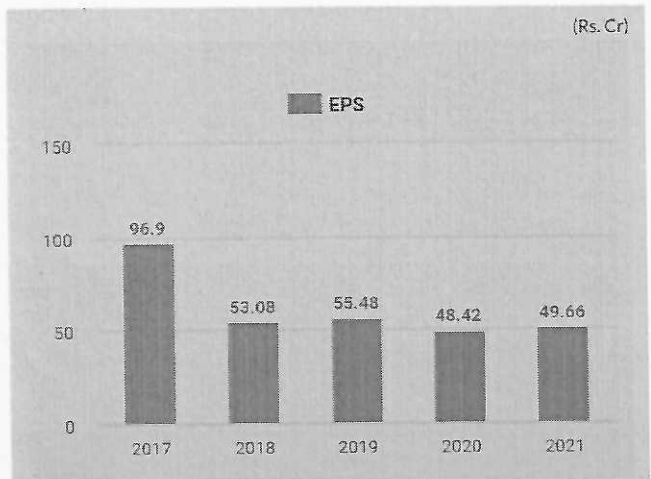
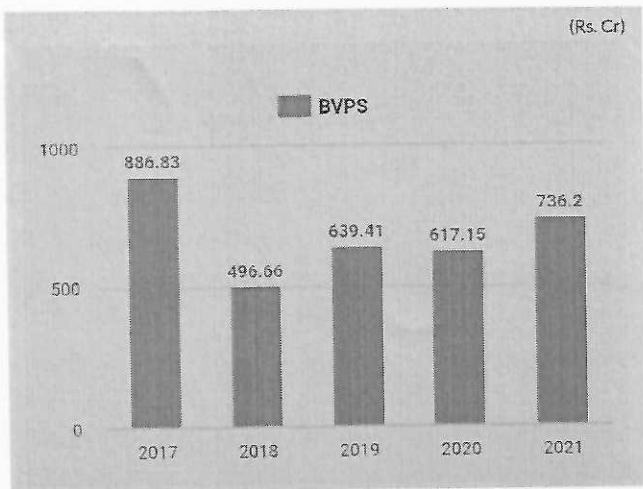
Interest Service Coverage Ratio = $\frac{\text{Earnings before Interest, Tax and Exceptional Items}}{\text{Interest Expense}}$

Debt / Equity Ratio = $\frac{\text{Total Debt}}{\text{Equity}}$

5. Total Debt represents Current Borrowings, Non-Current Borrowings and Current maturities of Non-Current Borrowings. Equity represents Equity Share Capital and Other Equity The Company had issued 42,26,26,894 partly paid-up equity shares of face value of ` 10 each on Rights basis ('Rights Equity Shares'), at ` 1,257 per Rights Equity Share (including a premium of ` 1,247 per Share). In accordance with the terms of issue, ` 314.25 i.e. 25% of the Issue Price per Rights Equity Share, was received from the concerned allottees on application and shares were allotted. The Board has made two call(s) i.e. First call of

` 314.25 per Rights Equity Shares (including a premium of ` 311.75 per share) and Second & final call of ` 628.50 per Rights Equity Shares (including a premium of ` 623.50 per share) on shareholders. Accordingly, an amount of ` 39,843 crore has been accounted as part of Other Financial Asset as "Call Money Receivable on Rights Issue" with a corresponding credit to Other Equity as "Share Call Money account".

6. During FY 2019-20, there was an exceptional loss of ` 4,245 crore (net of tax of ` 899 crore) (relating to O2C segment) due to substantial drop in oil prices accompanied with unprecedented demand destruction.



Ratio Analysis

The financial analysis helps in knowing the financial performance of the company. It also helps the company to predict the future profits and to take corrective measures to achieve them. The study is to analysis the financial performance of Reliance Industries Limited (RIL) for a period of three year ₹. The objective of the study is to determine the liquidity, profitability and turnover rate of RIL. The tool used to analysis the financial position of the company is Ratio analysis. The tool helps in comparing the financial status of the current year with past years and also in providing few suggestions with which the company can improve to do better in the future. The data are collected from the secondary sources like annual reports, company websites and other reliable sites. From the analysis, we find that the company is lagging in various areas. Improving which will help the company to achieve its ideal ratios. The profitability and turnover ratios are better when compared to liquidity ratios. The company was able to achieve the ideal ratios of profitability in few years but could not achieve the liquidity ratios even for a single year. Also the working capital turnover has been negative for all the three year ₹ The company must improve to bring the working capital to a positive rate by decreasing its current liabilities. The current liabilities have always been more than the current assets which is not good for the company.

Types of Ratio Analysis :-

1. Liquidity Ratios
2. Profitability Ratios
3. Activity Ratios or Turnover Ratios
4. Solvency Ratios

Liquidity Ratios

This type of ratio helps in measuring the ability of a company to take care of its short-term debt obligations. A higher liquidity ratio represents that the company is highly rich in cash.

I. Current Ratio

The current ratio is the ratio between the current assets and current liabilities of a company. The current ratio is used to indicate the liquidity of an organization in being able to meet its debt obligations in the upcoming twelve months. A higher current ratio will indicate that the organization is highly capable of repaying its short-term debt obligations.

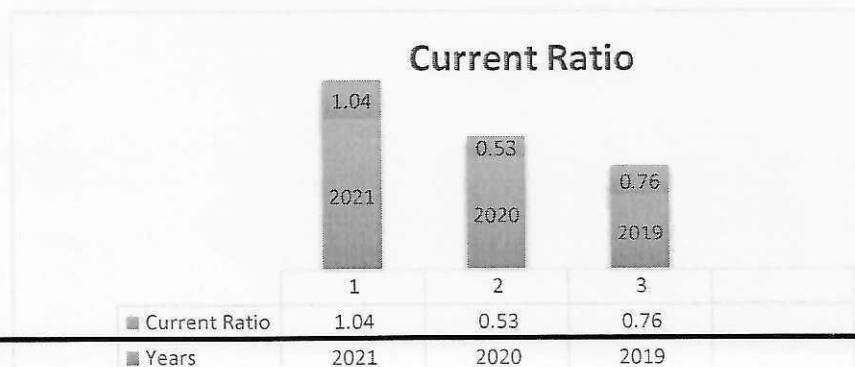
$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

In 2021 Current Ratio = 210719 / 201787 => 1.04:1

(values are in ₹ in crore)

In 2020 Current Ratio = 166597 / 310183 => 0.53:1

In 2019 Current Ratio = 152864 / 202021 => 0.76:1



The Current Ratio of the company is 1.04:1 that is less than the ideal ratio 2:1. From the graph we find that the last two years the current ratio first rises and then decline. So we can say that the company short-term financial position is not good.

II. Quick Ratio

The quick ratio is used to ascertain information pertaining to the capability of a company in paying off its current liabilities on an immediate basis.

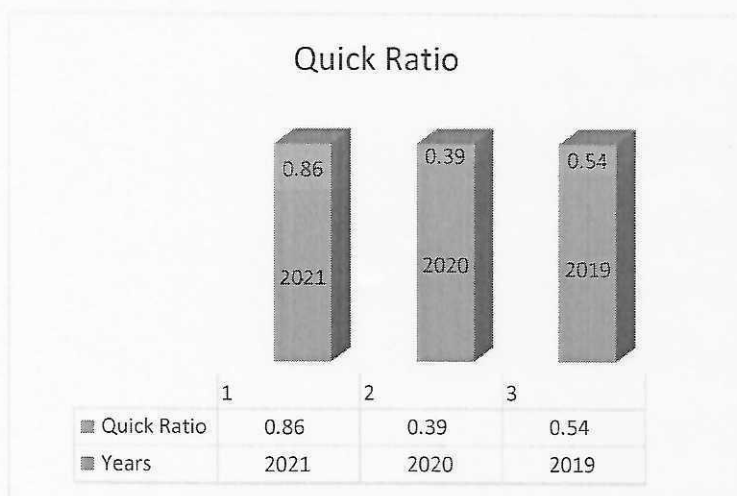
Quick Ratio = Liquid Asset / Current Liabilities

Liquid Assets = Current Assets – (Stock or inventories + prepaid expenses)

In 2021 Quick Ratio = $173282 \div 201787 \Rightarrow 0.86:1$ (values are in ₹ in crore)

In 2020 Quick Ratio = $127795 \div 310183 \Rightarrow 0.39:1$

In 2019 Quick Ratio = $108720 \div 202021 \Rightarrow 0.54:1$



The Quick Ratio of the company is 0.86:1 which is less than 1:1. From the graph we find that the last two years the quick ratio first rises then decline. So we can say that the company is not in the position to pay its current liabilities instantly.

Profitability Ratios

This type of ratio helps in measuring the ability of a company in earning sufficient profits.

I. Gross Profit Ratios

Gross profit ratios are calculated in order to represent the operating profits of an organization after making necessary adjustments pertaining to the COGS or cost of goods sold.

Gross Profit Ratio = $(\text{Gross Profit} / \text{Net Sales}) * 100$

In 2021 Gross Profit Ratio = $(88,896 / 265,069) \times 100 \Rightarrow 33.53\%$ (values are in ₹ in crore)

In 2020 Gross Profit Ratio = $(107,144 / 351,855) \times 100 \Rightarrow 30.45\%$

In 2019 Gross Profit Ratio = $(115218 / 385501) \times 100 \Rightarrow 29.88\%$

II. Net Profit Ratio

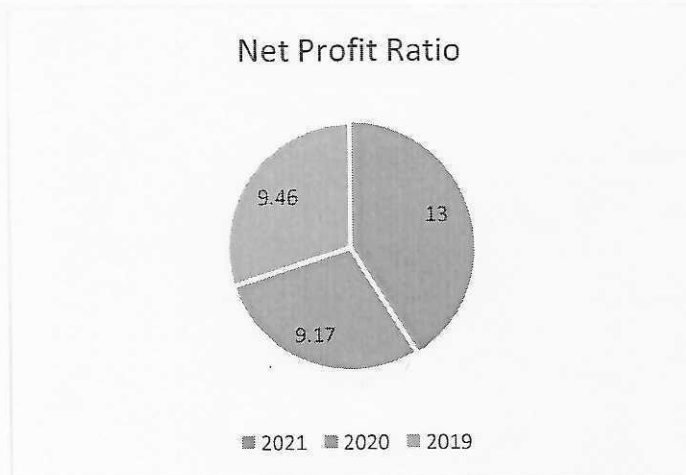
Net profit ratios are calculated in order to determine the overall profitability of an organization after reducing both cash and non-cash expenditures.

$$\text{Net Profit Ratio} = (\text{Net Profit} / \text{Net Sales}) * 100$$

In 2021 Net Profit Ratio = $(31,944 / 245667) \times 100 \Rightarrow 13.00 \%$

In 2020 Net Profit Ratio = $(30,903 / 336953) \times 100 \Rightarrow 9.17 \%$

In 2019 Net Profit Ratio = $(35163 / 371616) \times 100 \Rightarrow 9.46 \%$



III. Operating Ratio

In finance, the Operating ratio is a company's operating expenses as a percentage of revenue. This financial ratio is most commonly used for industries which require a large percentage of revenues to maintain operations. The operating ratio can be used to determine the efficiency of a company's management by comparing operating expenses to net sales. It is calculated by dividing the operating expenses by the net sales. The smaller the ratio, the greater the organization's ability to generate profit. The ratio does not factor in expansion or debt repayment.

$$\text{Operating Ratio Formula} = \text{Cost of Goods Sold} + \text{Operating Expenses} / \text{Net Sales} * 100$$

In 2021 Operating Ratio = $(237,577 / 245,667) \times 100 \Rightarrow 96.70 \%$

In 2020 Operating Ratio = $(305,958 / 336,953) \times 100 \Rightarrow 90.80 \%$

In 2019 Operating Ratio = $(333,071 / 371,616) \times 100 \Rightarrow 89.62 \%$

Activity Ratios or Turnover Ratios

Turnover ratios are used to determine how efficiently the financial assets and liabilities of an organization have been used for the purpose of generating revenues.

I. Inventory Turnover Ratio

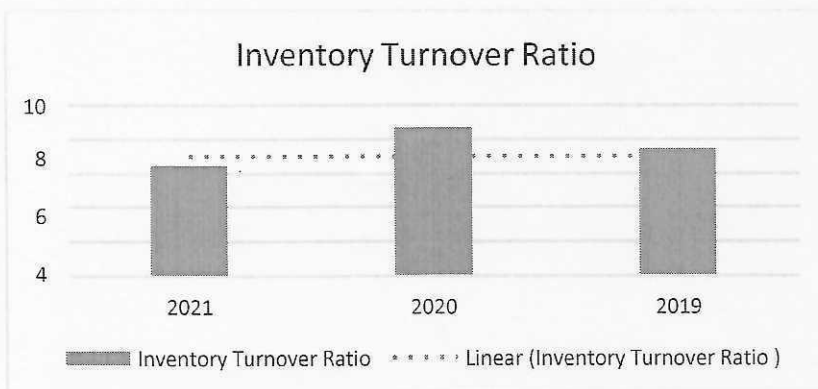
Inventory turnover ratio is used to determine the speed of a company in converting its inventories into sales.

$$\text{Inventory Turnover Ratio} = \text{Cost of Goods Sold} / \text{Average Inventories}$$

In 2021 Inventory Turnover Ratio = $176173 / 27356 \Rightarrow 6.44$ times

In 2020 Inventory Turnover Ratio = $244711 / 28143 \Rightarrow 8.68$ times

In 2019 Inventory Turnover Ratio = $270283 / 36098 \Rightarrow 7.48$ times



II. Fixed Assets Turnover Ratio

Fixed assets turnover ratio is used to determine the efficiency of an organization in utilizing its fixed assets for the purpose of generating revenues.

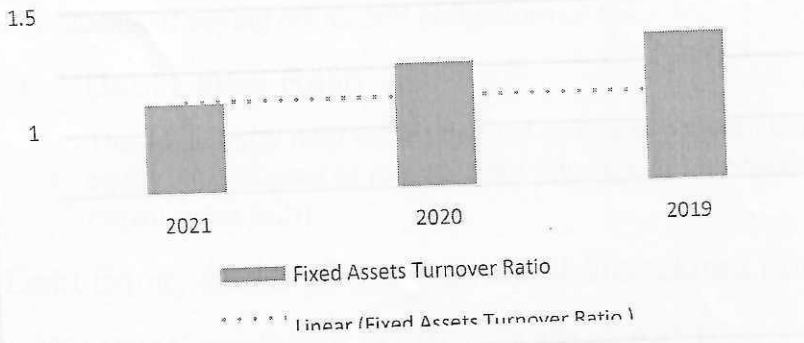
$$\text{Fixed Assets Turnover Ratio} = \text{Net Sales} / \text{Average Fixed Assets}$$

In 2021 Fixed Assets Turnover Ratio = $245667 / 330469 \Rightarrow 0.74$ times

In 2020 Fixed Assets Turnover Ratio = $336953 / 324708 \Rightarrow 1.03$ times

In 2019 Fixed Assets Turnover Ratio = $371616 / 304187 \Rightarrow 1.22$ times

Fixed Assets Turnover Ratio



Fixed Assets Turnover Ratio
 Linear (Fixed Assets Turnover Ratio)

Item	2021	2020	2019
Revenue	1000	1000	1000
Cost of Sales	600	600	600
Gross Profit	400	400	400
Operating Expenses	200	200	200
Operating Profit	200	200	200
Interest	0	0	0
Income Tax	0	0	0
Profit Before Tax	200	200	200
Profit After Tax	150	150	150
Dividends	0	0	0
Retained Profit	150	150	150

PBT/Share (₹)	42.22	63.60	74.72
Net Profit/Share (₹)	49.56	48.75	55.47
PROFITABILITY RATIOS			
PBDIT Margin (%)	19.66	19.70	18.21
PBIT Margin (%)	15.92	16.81	15.37
PBT Margin (%)	11.07	11.96	12.74
Net Profit Margin (%)	13.00	9.17	9.46
Return on Networth / Equity (%)	6.73	7.89	8.67
Return on Capital Employed (%)	5.82	8.84	9.95
Return on Assets (%)	3.65	3.18	4.53
Total Debt/Equity (X)	0.41	0.65	0.39
Asset Turnover Ratio (%)	28.11	34.67	47.90
LIQUIDITY RATIOS			
Current Ratio (X)	1.04	0.50	0.76
Quick Ratio (X)	0.86	0.39	0.54
Inventory Turnover Ratio (X)	6.56	8.68	8.42
Dividend Payout Ratio (NP) (%)	12.27	12.46	10.10
Dividend Payout Ratio (CP) (%)	9.53	9.48	7.77
Earnings Retention Ratio (%)	87.73	87.54	89.90
Cash Earnings Retention Ratio (%)	90.47	90.52	92.23
VALUATION RATIOS			
Enterprise Value (Cr.)	1,479,239.40	950,998.06	1,017,464.40
EV/Net Operating Revenue (X)	6.02	2.82	2.74
EV/EBITDA (X)	30.61	14.32	15.03
MarketCap/Net Operating Revenue (X)	5.26	2.09	2.33
Retention Ratios (%)	87.72	87.53	89.89
Price/BV (X)	2.72	1.80	2.13
Price/Net Operating Revenue	5.26	2.09	2.33
Earnings Yield	0.02	0.04	0.04

Reliance Industries Limited Report on the Audit of the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Reliance Industries Limited ("the Company") which includes joint operations, which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the yearended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act.

Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Emphasis of Matter

We draw attention to Note 31(b) and 41.1 of the financial statements in respect of the Scheme of Amalgamation of wholly-owned subsidiaries with the Company approved by the Honble National Company Law Tribunal, Mumbai, wherein the financial information has been restated from the appointed date and not from the earliest date presented in accordance with Ind AS 103, as per General Circular No. 09/2019 issued by MCA dated August 21, 2019 and loss due to take over of borrowing and consequential adjustment for reversal thereof in the statement of profit and loss upon the Scheme becoming effective.

Our Opinion is not modified in respect of this matter. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Reliance Industries SWOT Analysis

➤ Strengths of Reliance Industries – Internal Strategic Factors

- Successful track record of integrating complimentary firms through mergers & acquisition. It has successfully integrated number of technology companies in the past few years to streamline its operations and to build a reliable supply chain.
- Strong dealer community – It has built a culture among distributor & dealers where the dealers not only promote company's products but also invest in training the sales team to explain to the customer how he/she can extract the maximum benefits out of the products.
- Strong Free Cash Flow – Reliance Industries has strong free cash flows that provide resources in the hand of the company to expand into new projects.
- Strong Brand Portfolio – Over the years Reliance Industries has invested in building a strong brand portfolio. The SWOT analysis of Reliance Industries just underlines this fact. This brand portfolio can be extremely useful if the organization wants to expand into new product categories.
- Strong distribution network – Over the years Reliance Industries has built a reliable distribution network that can reach majority of its potential market.
- Automation of activities brought consistency of quality to Reliance Industries products and has enabled the company to scale up and scale down based on the demand conditions in the market.
- Good Returns on Capital Expenditure – Reliance Industries is relatively successful at execution of new projects and generated good returns on capital expenditure by building new revenue streams.
- Successful track record of developing new products – product innovation.

➤ Weakness of Reliance Industries – Internal Strategic Factors

Weakness are the areas where Reliance Industries can improve upon. Strategy is about making choices and weakness are the areas where an organization can improve using SWOT analysis and build on its competitive advantage and strategic positioning.

- Days inventory is high compare to the competitors – making the company raise more capital to invest in the channel. This can impact the long term growth of Reliance Industries
- Financial planning is not done properly and efficiently. The current asset ratio and liquid asset ratios suggest that the company can use the cash more efficiently than what it is doing at present.
- Limited success outside core business – Even though Reliance Industries is one of the leading organizations in its industry it has faced challenges in moving to other product segments with its present culture.
- Need more investment in new technologies. Given the scale of expansion and different geographies the company is planning to expand into, Reliance Industries needs to put more money in technology to integrate the processes across the board. Right now the investment in technologies is not at par with the vision of the company.
- Investment in Research and Development is below the fastest growing players in the industry. Even though Reliance Industries is spending above the industry average on Research and Development,

- The marketing of the products left a lot to be desired. Even though the product is a success in terms of sale but its positioning and unique selling proposition is not clearly defined which can lead to the attacks in this segment from the competitors.

➤ Opportunities for Reliance Industries – External Strategic Factors

- The new technology provides an opportunity to Reliance Industries to practice differentiated pricing strategy in the new market. It will enable the firm to maintain its loyal customers with great service and lure new customers through other value oriented propositions.
- New customers from online channel – Over the past few years the company has invested vast sum of money into the online platform. This investment has opened new sales channel for Reliance Industries. In the next few years the company can leverage this opportunity by knowing its customer better and serving their needs using big data analytics.
- Organization's core competencies can be a success in similar other products field. A comparative example could be - GE healthcare research helped it in developing better Oil drilling machines.
- Opening up of new markets because of government agreement – the adoption of new technology standard and government free trade agreement has provided Reliance Industries an opportunity to enter a new emerging market.
- The new taxation policy can significantly impact the way of doing business and can open new opportunity for established players such as Reliance Industries to increase its profitability.
- New environmental policies – The new opportunities will create a level playing field for all the players in the industry. It represents a great opportunity for Reliance Industries to drive home its advantage in new technology and gain market share in the new product category.
- Economic uptick and increase in customer spending, after years of recession and slow growth rate in the industry, is an opportunity for Reliance Industries to capture new customers and increase its market share.
- Decreasing cost of transportation because of lower shipping prices can also bring down the cost of Reliance Industries's products thus providing an opportunity to the company - either to boost its profitability or pass on the benefits to the customers to gain market share.

➤ Threats Reliance Industries Facing - External Strategic Factors

- Increasing trend toward isolationism in the American economy can lead to similar reaction from other government thus negatively impacting the international sales.
- New technologies developed by the competitor or market disruptor could be a serious threat to the industry in medium to long term future.
- Rising pay level especially movements such as \$15 an hour and increasing prices in the China can lead to serious pressure on profitability of Reliance Industries
- The demand of the highly profitable products is seasonal in nature and any unlikely event during the peak season may impact the profitability of the company in short to medium term.
- Growing strengths of local distributors also presents a threat in some markets as the competition is paying higher margins to the local distributors.

- No regular supply of innovative products – Over the years the company has developed numerous products but those are often response to the development by other players. Secondly the supply of new products is not regular thus leading to high and low swings in the sales number over period of time.
- Intense competition – Stable profitability has increased the number of players in the industry over last two years which has put downward pressure on not only profitability but also on overall sales.
- Imitation of the counterfeit and low quality product is also a threat to Reliance Industries's product especially in the emerging markets and low income market

Problems Faced by Reliance Industries during Covid19

RIL net drops 37% on virus, oil impact

Firm announces rights issue at ₹1,257 apiece, share ratio is 1:15; Aramco deal worth \$15 billion on track

Reliance Industries (RIL) on Thursday reported a sharp 37.2% dip in its fourth quarter net profit to ₹6,546 crore, dragged down by an exceptional item of ₹4,245 crore, mainly on account of the impact of the COVID-19 pandemic, inventory losses due to fall in crude oil prices and an incremental liability towards licence fees.

Profitability from the company's core businesses of refining, petrochemicals, oil and gas fell while retail and telecommunications offset some of the losses from other segments.

The company's revenue from operations stood at Rs 116,195 crore, down 24 per cent from the year ago revenue of Rs 153,384 crore.

RIL announced a rights issue of ₹53,125 crore at ₹1,257 per share with the share ratio pegged at 1:15.

Revenue fell 2.5% to ₹1,51,209 crore but EBITDA increased by 7.6% to ₹25,886 crore. Reliance Industries' chairman and managing director Mukesh Ambani said, "Our consumer businesses further strengthened their leadership positions and recorded robust growth on all operating and financial parameters during the year. Both Retail and Jio continue to work towards providing superior products and services to Indian consumers."

We are fully committed on our investment plans in our consumer businesses and new initiatives. We are at the doorstep of a huge opportunity and our rights issue and all other equity transactions will strengthen Reliance and position us to create substantial value for all our stakeholders.

The outbreak of corona virus pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The group's operations and revenue during the quarter were impacted due to COVID-19.

Retail revenue declined 5 per cent year-on-year to Rs 39,199 crore.

Much of India's businesses were hugely impacted in the April-June quarter due to the nationwide lockdown that was announced by the government. As the country has continued to unlock over the past few months, things have begun to rebound.

In the retail business, RIL said that 85 per cent of its stores were fully or partially open during the quarter. While, footfalls were recovering, they are still lower than pre-COVID levels, particularly across fashion and lifestyle verticals and outlets in malls.

Conclusion

After writing this report I have understood how reliance industries have come up in such a highly competitive market like in India and also they were able to establish their name in international market also. From this report we can see that the company is not just focusing on one industry whereas it has many subsidiaries and associates which helping them to be stable when the economy is down.

From the table is clear that in all the areas like market capital, sales turnover, net profit and also total asset, reliance have a very high position with a remarkable difference in their respective values. While we analyse the competition we can determine that the company possess a dominancy over the market. It is very difficult for the competitors to come over the reliance position. Considering the fact that the company profit is from the market it is important for reliance to maintain this status with more marketing strategies.

- Revenue for the year was ` 278,940 crore (\$ 38.2 billion) lower by 23.8%
- EBITDA for the year was ` 48,318 crore (\$ 6.6 billion) lower by 27.2%
- Net Profit for the year was ` 31,944 crore (\$ 4.4 billion) higher by 3.4%
- Cash Profit for the year was ` 36,411 crore (\$ 5.0 billion) lower by 15.0%
- Exports for the year was ` 145,143 crore (\$ 19.9 billion) lower by 28.2%

Sources

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