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RESEARCH ARTICLE

A STUDY ON THE FINANCIAL ANALYSIS OF RELIANCE INDUSTRIES LIMITED

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Abstract

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Thefinancialanalysishelpsinknowingthefinancialperformance ofthecompany. It also helps the company to predict the future profits and totake corrective measures to achieve them. The study is to analyze thefinancial performance of Reliance Industries Limited (RIL) for a periodof five years. The objective of the study is to determine the liquidity,profitability andturnover rate of RIL. The tool used to analyze thefinancial position of the company is Ratio analysis. The tool helps incomparing the financial status of the current year with past years andalso in providing few suggestions with which the company can improveto do better in the future. The data are collected from the secondarysources 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. Theprofitability and turnover ratios are better when compared to liquidityratios. The company was able to achieve the ideal ratios of profitabilityin few years but couldn't achieve the liquidity ratios even for a singleyear.Alsotheworkingcapitalturnoverhasbeennegativeforallthefiveyears. The company must improve to bring the working capital to apositive rate by decreasing its current liabilities. The current liabilitieshave always been more than the current assets which is not good for thecompany.

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Introduction:-

Financial analysis is the process of evaluating the finance related transactions to determine the performance andstability of the company. Financial analysis is done to check the company's liquidity, profitability, solvency andefficiency. This helps the company to make future decisions and analyze the past trends. There are two types ofanalysis. They are: fundamental analysis and technical analysis. Fundamental analysis is done with the help of ratiosgenerated from the financial statementof the company.Whereas the technical analysis is done with the help oftrendsarrivedfromthetradingactivitiesofthecompany.

Reliance Industries Limited is a multinational conglomerate company which is doing business in various sectors likeretail, textiles, telecommunications, petrochemicals, energy and natural resources. It is one of the largest privatesectorcompaniesofIndia.ReliancewasfoundbyDhirubaiAmbanibutnowitistakenoverbyhissonMukesh

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Ambani whois the chairman and managing director of the company. RIL is well known for its products andservices.RILalsohasa numberofwellrecognizedbrandswhicharetraded alloverthe world.

Objective Of The Study:-
Determiningtheliquidity,profitabilityandturnover rateofthecompanythroughRATIOANALYSIS.

ToolsUsedForAnalysis
Forthe purposeofthisanalysisthe statisticaltechnique usedis Ratioanalysis.

Ratio analysis observes the financial statement and reveals the liquidity, efficiency, profitability and turnover rate ofthe company. Ratio analysis helps the company toidentify how the organization is performing at the currentsituation

DataCollection
The analysis is based on the sources of secondary data. Data is taken from various sources like company's annualreport, company's website, articles and publications. Finance related books and previous projects are also used forreferences.

ReviewofLiterature:-
Dr.R. Parma and etal (2019), in their study 'Financial Performance of Selected Indian Food Products Industry DrugPosting- Reform Period' analyzed the financial performance of selected Indian food products industry from 1991-1992 to 2015-2016. They observed that maximum growth rate was found in operating leverage ratio at 1.39% andminimum growth rate was found in financial analysis at turnover ratio at 12%. They concluded that industry's abilitytohonordebtpaymentwassatisfactory.

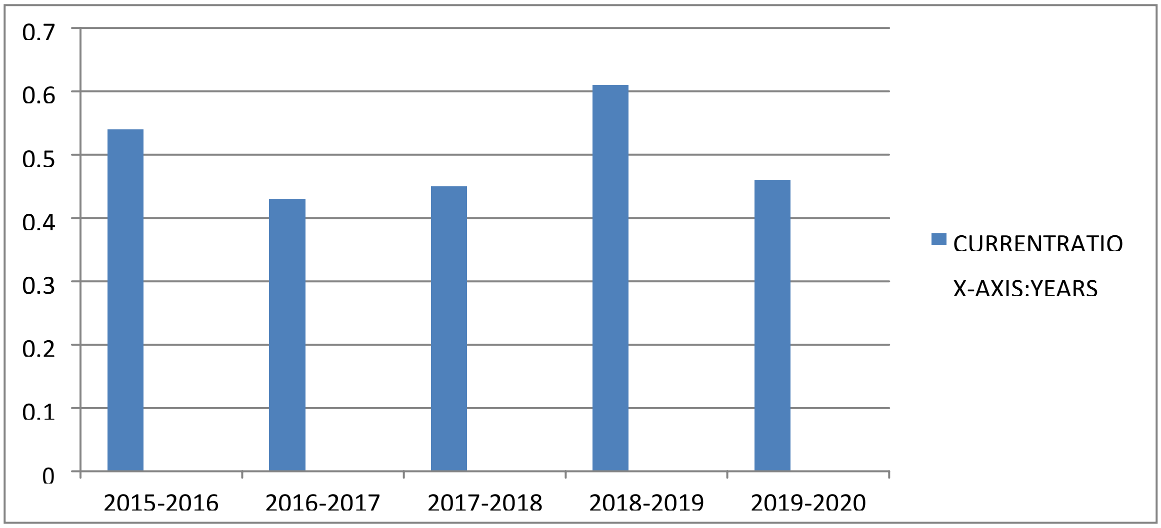
Dr.R. Malini and etal (2019), made their analysis on 'The Financial Performance Analysis of Indian TobaccoCorporation Limited'. The study on financial performance analysis of Indian Tobacco Corporation limited aims toanalyze liquidity, profitability, efficiency and solvency of the firm. The study covers a period of 5 years (1.4.2013-31.3.2017). They suggested that the firm needs to minimize operating expenses to get higher net profit and the firmshouldtakestepstoutilizemaximumofresourcesandinventory.Theyconcludedthattheoverallfinancialperformance ofthefirmisbetter.

AnalysisandinterpretationratioanalysisLiquidity ratios
CurrentRatioFo
rmula:
CurrentRatio=CurrentAssets/CurrentLiabilitiesTableNo1:
-CalculationofCurrentRatioof RIL

YEAR	CURRENTASSETS (in Rs.Cr.)	CURRENTLIABILITIES (in Rs.Cr.)	CURRENTRATIO (intimes)
2015-2016	67372	125180	0.54
2016-2017	66977	157130	0.43
2017-2018	91856	206043	0.45
2018-2019	129317	213228	0.61
2019-2020	145373	314301	0.46

Source: AnnualreportofReliance IndustriesLimited.

ChartNo1:-CurrentRatioof RIL



Interpretation:
The above tableand chartdepicts the currentratioof Reliance Industries Limited. Currentratiois ratiothatmeasures the ability of the company to pay off the short term liabilities.. Current ratiois a ratio that comparedcurrent assets and currentliabilities. It is calculated by dividing current assets by currentliabilities. Current assetsare those assets which are expected to be sold within the same financial year or within one operating cycle. Currentassets include cash and cash equivalents, accounts receivable,inventory, prepaid liabilities,marketable securitiesand other liquid assets. Current liabilities are those debts and obligations of a company that are expected to be dealtwith within the one year. Current liabilities include accounts payable, short term loans, accrued expenses and notespayable. In the above table and chart, current ratio has been calculated for the past five financial years, i.e., from2015-2016 to2019-2020. In the above chart, ‘x’ axis denotes thefinancial years and‘y’ axis denotes the currentratio(in times)fortherespectivefinancialyears.Thecurrentratiofortheyear2015-2016is0.54times;2016-2017is 0.43 times; 2017-2018 is 0.45 times; 2018-2019 is 0.61 times; 2019-2020 is 0.46 times. Thus,from the abovetable it is clear that the current ratio of Reliance Industries ranges minimum of 0.43 during the year 2016-2017 andmaximum of 0.61 during the year 2018-2019. An ideal current ratio is 2:1, which means that the company must have2 times more current assets than the current liabilities to covers its debts. The current ratio below 1 means that thecompany is not efficient and doesn't have enough liquid assets to cover its short-term liabilities. Here, in none of theabove years currents assets are more than the current liabilities. Hence, in order to achieve ideal current ratio thecompany hasto improvecurrentassetsso thatitwillhave a strongfinancialposition.

Quick RatioFormula:
QuickRatio=LiquidAssets/Current Liabilities

TableNo2:- CalculationOfQuickRatioofRIL

YEAR	LIQUIDASSETS (InRs. Cr.)	CURRENTLI ABILITIES (In Rs.Cr.)	QUICK RATIO (intimes)
2015-2016	10387	125180	0.08
2016-2017	7226	157130	0.05
2017-2018	13191	206043	0.06
2018-2019	15878	213228	0.07
2019-2020	15926	314301	0.05

Source: AnnualreportofRelianceIndustriesLimited

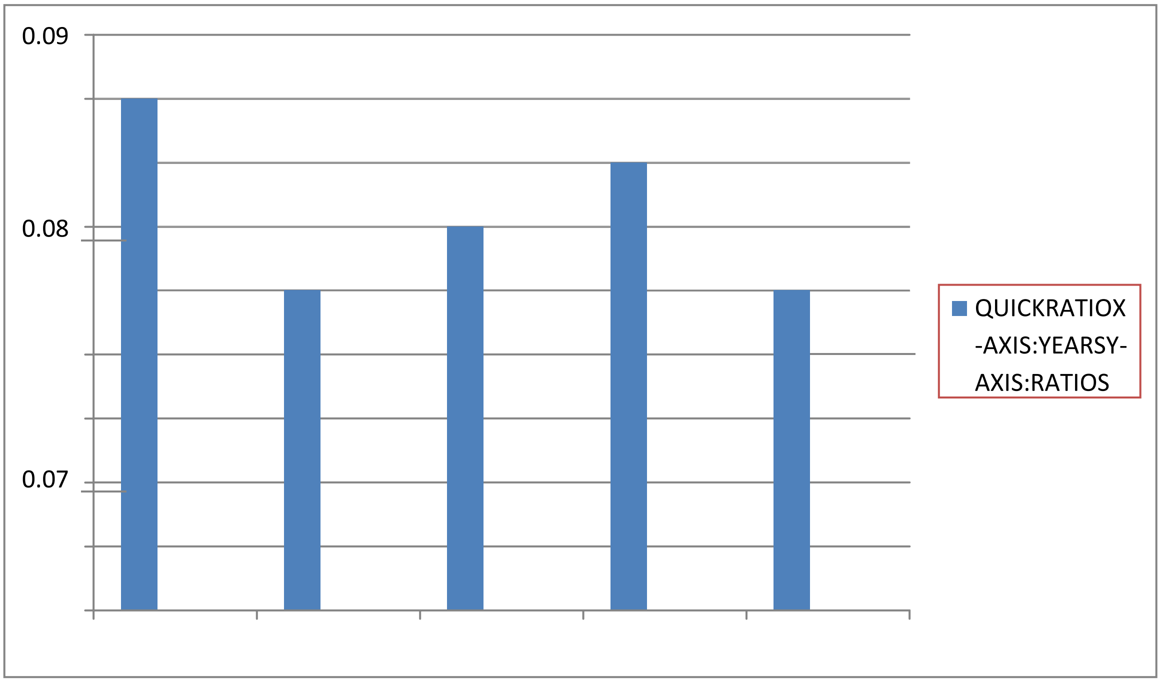


Chart No2:- QuickRatioOfRil

Interpretation:
The above table and chart depicts the quick ratio of Reliance Industries Limited. Quick ratio is another liquidity ratiothat measures how a company meets its short term obligations with its most liquid assets. It is also called as acid testratio. Quick ratio is calculated by dividing liquid assets by current liabilities. Liquid assets are those assets which areconverted into cash easily and quickly. Liquid assets include cash in hand, cash at bank, cash equivalents, accruedincome, 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 tableand chart, quick ratio has been calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In theabove chart, 'x' axis denotes the financial years and 'y' axis denotes the quick ratio (in times) for the respectivefinancialyears.The quickratioforthe year2015-2016is0.08times;2016-2017 is0.05times;2017-

2018 is 0.06 times; 2018-2019 is 0.07 times; 2019-2020 is 0.05 times. From the above table it is clear that the quickratio ofRelianceIndustriesrangesminimumof0.05 duringtheyears2016-

2017 and 2019-2020 and maximum of 0.08 during the year 2015-2016. Ratio of 1:1is held to be the ideal quickratio indicating that the company has enough liquid assets to pay off its current obligations. But it is clear that innone 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 quickratio.

Absolute Liquid
RatioFormula:
AbsoluteLiquidRatio=LiquidAssets/LiquidLiabilities

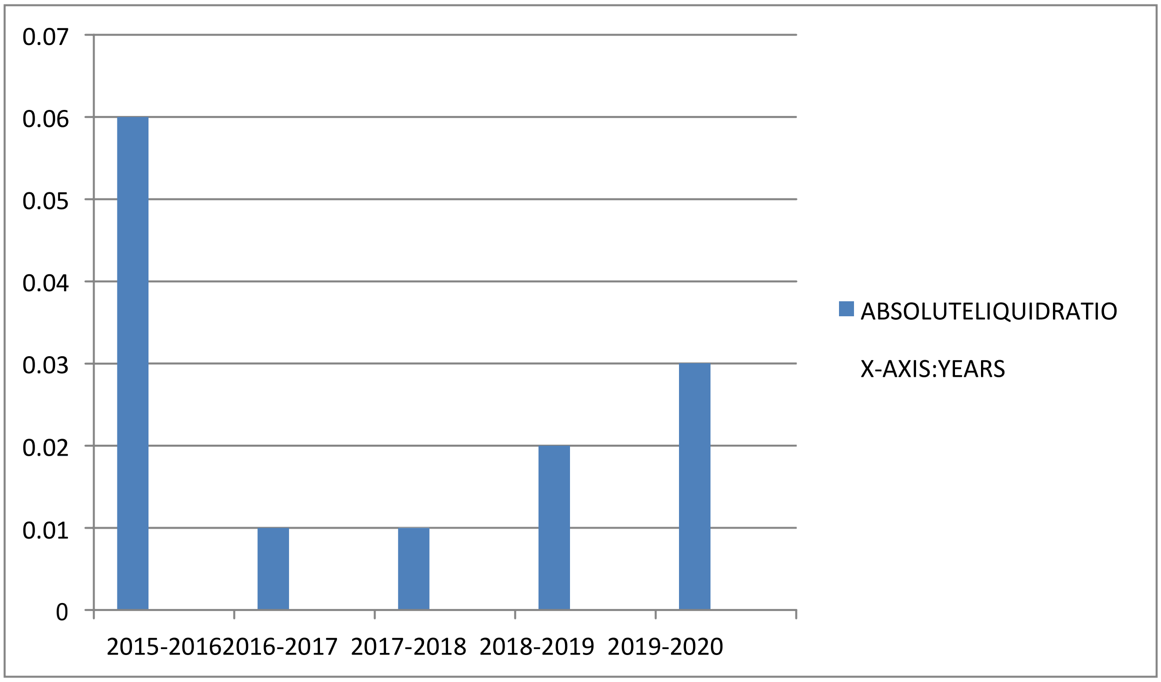
TableNo3:- CalculationOfAbsoluteLiquidRatioofRIL

YEAR	ABSOLUTE LIQUIDASSETS	CURRENT LIABILITIES	ABSOLUTE LIQUIDRATIO

	(inRs.Cr.)	(in Rs.Cr.)	(intimes)
2015-2016	6892	125180	0.06
2016-2017	1754	157130	0.01
2017-2018	2731	206043	0.01
2018-2019	3768	213228	0.02
2019-2020	8443	314301	0.03

Source: AnnualreportofReliance IndustriesLimited.

ChartNo3:-AbsoluteLiquidRatioofRIL



Interpretation:
The above table and chart depicts the absolute liquid ratio of Reliance Industries Limited. Absolute liquid ratio isalso a liquidity ratio that measures the total liquidity which will be available for the company. This ratio tests shortterm liquidity in terms of cash, marketable securities and current investment. Absolute liquid ratio is calculated byliquid assets divided by liquid liabilities. Liquid assets are those assets that are converted into cash easily. Liquidassets include cash in hand, cash at bank, cash equivalents, accrued income, promissory notes, marketable securities,etc. Liquid assets are calculated by adding cash in hand, cash at bank and marketable securities. Liquid liabilities arethose debt obligations of a company that must to be paid off within a year. Liquid liabilities are calculated by currentliabilities minus bank overdraft and cash credit facilities. In the above table and chart, absolute liquid ratio has beencalculatedforthepastfivefinancialyears,i.e.,from2015-2016to2019-2020.Intheabovechart,'x'axisdenotesthe financial years and 'y' axis denotes the absolute liquid ratio (in times) for the respective financial years. Theabsolute liquid ratio for the year 2015-2016 is 0.06 times; 2016-2017 is 0.01 times; 2017-2018 is 0.01 times; 2018-2019 is 0.02 times; 2019-2020 is 0.03 times. From the above table it is clear that the absolute liquidity ratio ofReliance Industries ranges minimum of 0.01 during theyears 2016-2017and 2017-2018 andmaximum of 0.06during the year 2015-2016. The most favourable and optimum value for this ratio should be 1: 2. It indicates that50% of liquid assets is enough to pay off 100% liquid liabilities. If the ratio is less than 1, it means that the companyis not able to manage its daily cash requirements. If the ratio is more than 1, it means that the company has enoughliquid assets to meet its short term obligations. The absolute liquid assets and current liabilities doesn't satisfy theabovecondition. Thus, RILhastoimproveitsabsoluteliquidassets inordertoachieveidealabsoluteliquidratio.

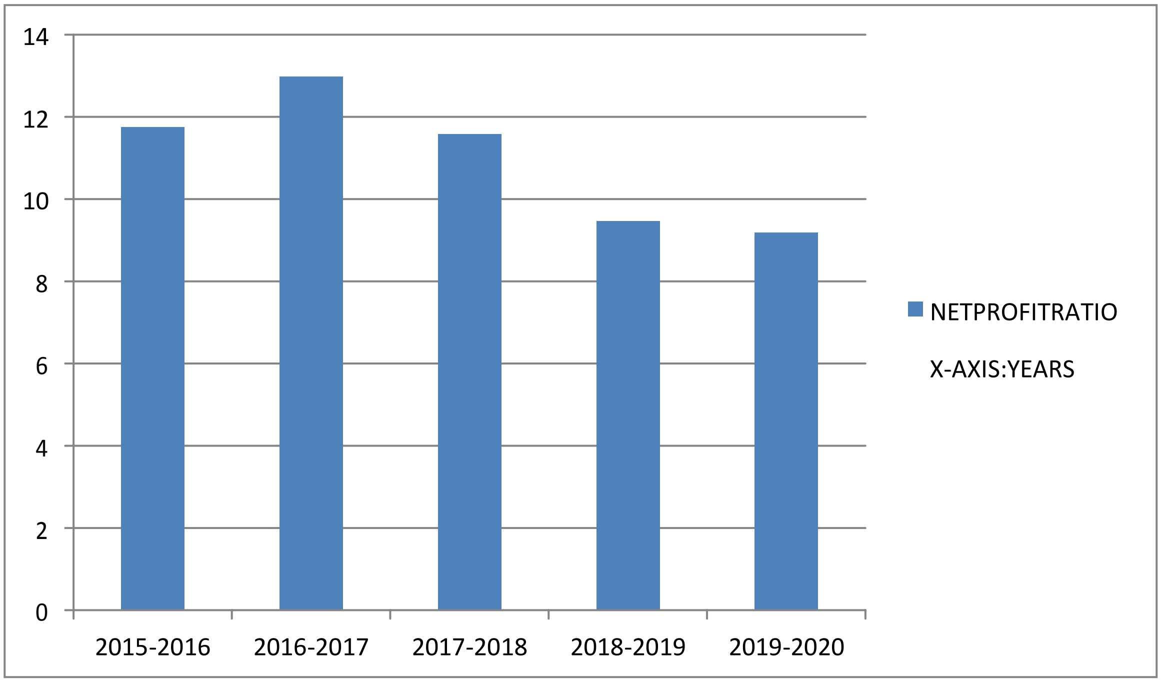
ProfitabilityRatios4.NetProfit RatioFormula:
NET PROFITRATIO=NETPROFIT/NET SALES*100

TableNo4:- CalculationofNetProfitRatioofRIL.

YEARS	NETPROFIT (InRsCr.)	NETSALES (inRsCr.)	NET PROFITRATIO(%)
2015-2016	27417	233158	11.75
2016-2017	31425	242025	12.98
2017-2018	33612	290042	11.58
2018-2019	35163	371616	9.46
2019-2020	30903	335978	9.19

Source: AnnualreportofReliance IndustriesLimited.

ChartNo4:-NetProfitRatioof RIL



Interpretation

The above table and chart shows the net profit ratio of reliance industries limited. Net profit ratio illustrates howmuch of revenue generated is in the form of profit. The ratio is expressed in terms of percentage. It is key factor thatindicates the financial status of the company. The variations in the ratios help in assessing the current practices andforecastingthefutureprofits.Netprofitratioiscalculatedby dividingthenetprofitbynetsalesandthenmultiplyingitby

100. Net profitis arrived by deducting all non-operating expenses from the operating profitmade by the company.In the above chart, X-Axis denotes the financial years and the Y-Axis denotes the ratios calculated (in %). Theanalysis is for the period of five years i.e 2015-2016 to 2019- 2020. The net profit ratio for the year 2015-2016 is11.75% even though the net profit and sales for the respective yearis atits least when compared to all otherfinancial years. In the year 2016-2017, the net profit ratio is 12.98% which is the highest of all. The net profit ratiosfor the years 2017-2018 and 2018-2019 are 11.58% and 9.46% respectively. The year with the highest sales and netprofit is 2018-2019 but it didn't achieve the highest net profit ratio. In the year 2019-2020 the net profit ratio is9.19%whichistheleastratio.Fromthe aboveanalysis,

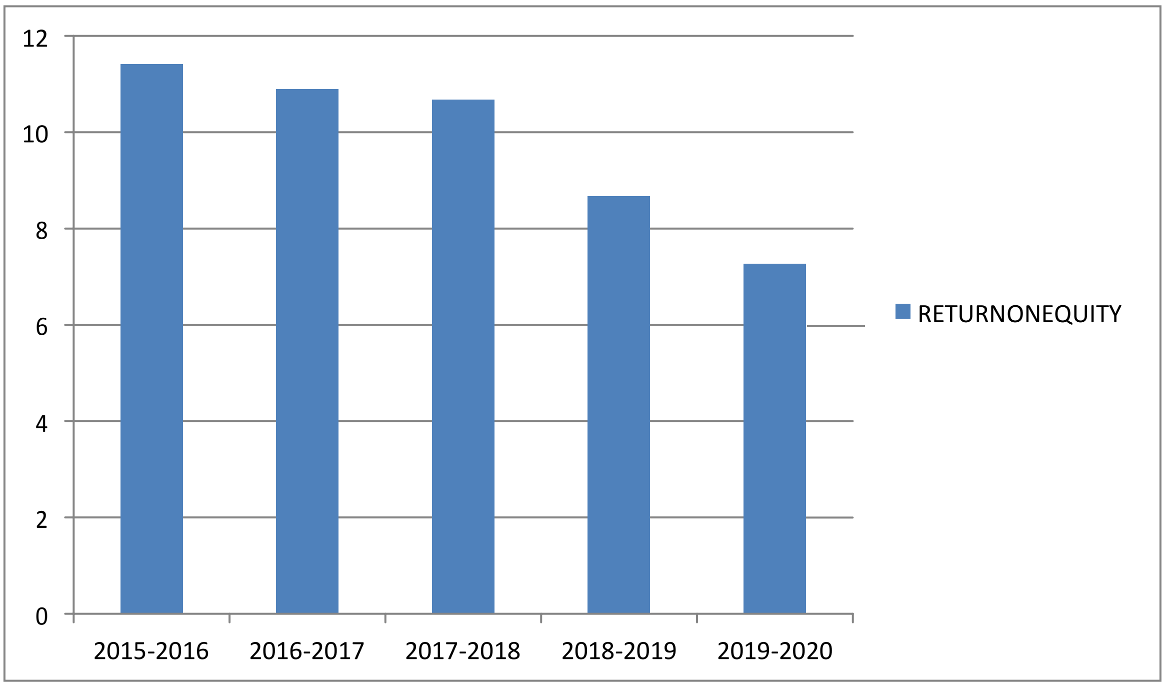
We understand that as the sales increases, the net profit ratio tends to decrease and increase when the net profitincreases. The ideal net profit ratio is 25%. But the company failed to achieve it in any of the five years. In order toraiseitsnetprofitratio totheidea ratio,thecompany musttrytoincreaseitsnetprofits.

Return on EquityFormula:
ReturnonEquity=NET INCOME/NET WORTH*100

Table No5:-CalculationofReturnonEquity ofRIL

YEARS	NETINCOME (inRsCr.)	NETWORTH (inRsCr.)	RETURN ONEQUITY(%)
2015-2016	27417	240184	11.41
2016-2017	31425	288313	10.89
2017-2018	33612	314647	10.68
2018-2019	35163	405322	8.67
2019-2020	30903	424854	7.27

Source: AnnualreportofRelianceIndustriesLimited



ChartNo 5:-ReturnOnEquityOfRil.

Interpretation:
The above chart and table shows the return on equity ratio of reliance industries limited. It is the ratio that measureshow much of profits can be earned with the available equity. The ratiois expressed in terms of percentage. Networth is arrived by subtracting the debt from the total assets of the company. In the above chart, X-Axis denotes thefinancial years and Y-Axis denotes theratios (in %). The study is for a period of five years i.e 2015-2016 to 2019-2020. The return on equity for the year 2015-2016 is 11.41% which is the highest ratio in these five years. Thoughthe net income and net worth is low, the company is able to achieve the maximum ratio. In the year 2016-2017, thecompanyearned10.89%returnonequity.Thenetincomeandthenetworthcontinuedtoincreaseovertheyears,yet the ratios keep on decreasing. The ratio for the year 2017-2018 is 10.68% and for the year 2018-2019 is 8.67%.The highest net income and net worth is achieved but the return on equity ratio is only 7.27% for the year 2019-2020. It is very clear from the analysis that as the net income and net worth keeps on increasing, the return on equityratiokeepsonfalling.

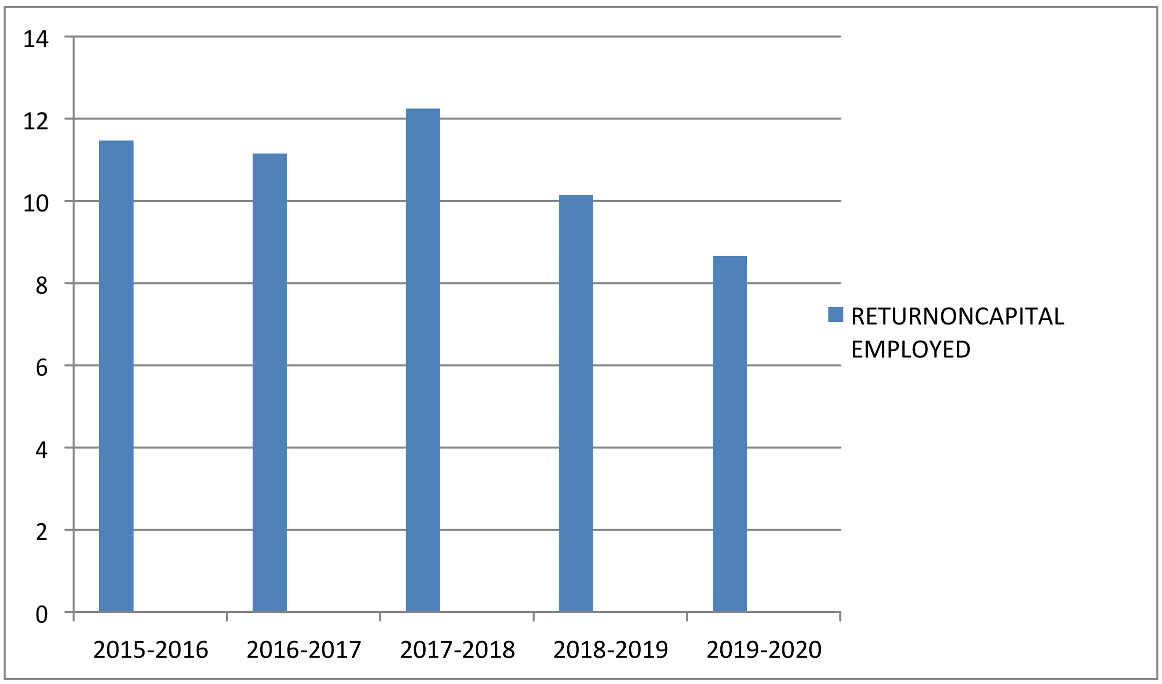
ReturnOnCapitalEmployedFormula:
ReturnOnCapitalEmployed=EarningsBeforeProfitAndTAX (EBIT)/CAPITALEMPLOYED

TableNo 6:-Calculation ofReturnOnCapitalEmployed OfRIL

YEARS	EARNINGSBEFOREINTEREST AND TAX(InRs. Cr.)	CAPITALEMPLOYED (InRs. Cr.)	RETURN ONCAPITALEMPLOYED RATIO(in%)
2015-2016	38155	332540	11.47
2016-2017	43500	389616	11.16
2017-2018	50381	411482	12.24
2018-2019	57118	562517	10.15
2019-2020	56666	654611	8.66

Source: AnnualreportofReliance IndustriesLimited/

ChartNo6:-ReturnOnCapitalEmployed of RIL



Interpretation:

The above table and chart depicts the return on capital employed ratio of Reliance Industries Limited. Return oncapital employed (ROCE) is a ratio that measures the company's profit- earning ability and capital efficiency. Thisratio helps in assessing how much profit can be earned out of the capital. It is calculated by dividing earnings beforeinterest and tax (EBIT) by capital employed. Earnings before interest and taxes (EBIT) indicate the company's profitearning capacity. EBIT includes all incomes and expenses except for interest and income tax. Capital employed isthe total capital used for the acquiring profits by the company. Capital employed is derived by subtracting currentliabilities from total assets. In the above table and chart, return on capital employed ratio is calculated for the pastfive financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, X-Axis denotes the financial years andthe Y-Axis denotes the ratios calculated (in %). The return on capital employed ratio for the year 2015- 2016 is11.47%;2016-2017is11.16%;2017-2018is12.24%;2018-2019is10.15%;2019-2020is8.66%.Thus,fromthe

Above table it is clear that the return on capital employed ratio of Reliance Industries ranges minimum of 8.66%during the year 2019-2020 and maximum of 12.24% during the year 2017-2018. A good ROCE varies around 10%.Hence, return on capital employed is completely satisfactory during the financial year 2018-2019; whereas it ispartially satisfactory during the financial years 2015-2016 and 2016-2017; while ROCE is not satisfactory during thefinancial years 2017-2018 and 2019-2020. So the company has to concentrate on its earnings to gain better return oncapitalemployed.

ReturnOnAssetsFormula:
ReturnOnAsset=ProfitAfter Tax(Pat) /TotalAssets

TableNo: 7:- CalculationonReturnonAssetofRIL.

YEAR	PROFIT AFTERTAX (InRs.Cr.)	TOTALASSETS (InRs.Cr.)	RETURN ONASSET (in%)
2015-2016	27417	457720	5.98
2016-2017	31425	546746	5.74
2017-2018	33612	617525	5.44
2018-2019	35163	775745	4.53
2019-2020	30903	968912	3.18

Source: AnnualreportofReliance IndustriesLimited.

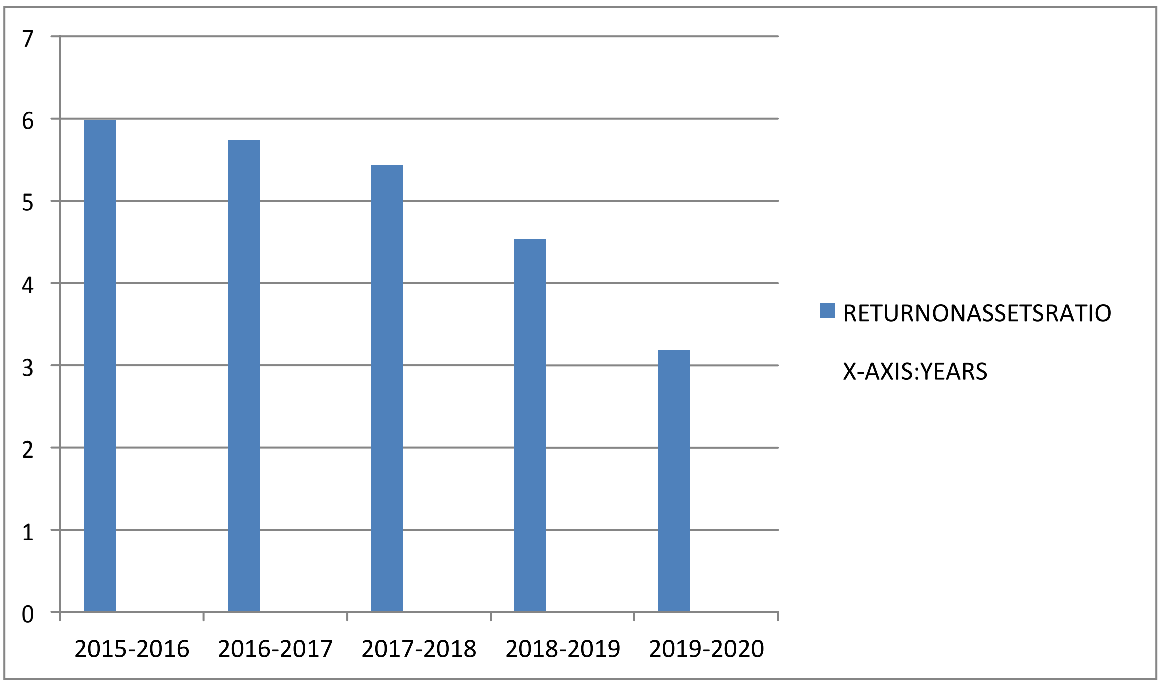


Chart No7:-CalculationOnReturnOnAssetOfRil.

Interpretation
The above table and chart depicts the return on assets ratio of Reliance Industry Limited. Return on asset indicateshow well a company is generating profits from its total assets. It can be calculated by dividing the profit after tax bytotal assets of the company. Profit after tax is the amount arrived after deducting tax and interestfrom the earningsof the company. The return on asset is indicated in terms of percentage. In the above table and chart the return onasset is calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020.In the above chart, X-Axisdenotes the financial years and the Y-Axis denotes the ratios calculated (in %). The return on assets ratio for the year2015-2016is5.98%;2016-2017is5.74%;2017-2018is5.44%;2018-2019is4.53%;2019-2020is3.18%.Thus,

From the above table it is clear that the return on assets ratio of Reliance Industries ranges minimum of 3.18% duringthe year 2019- 2020 and maximum of 5.98% during the year 2015-2016. Return on assets over 5% are said to begood. Hence, the return on assets is completely satisfactory during the financial years 2015- 2016, 2016-2017 and2017-2018. The company has to improve its total assets to achieve an ideal ratio of 5% on the financial years 2018-2019 and2019-2020.

Turnover RatiosInventoryTurnoverRatioFormula:

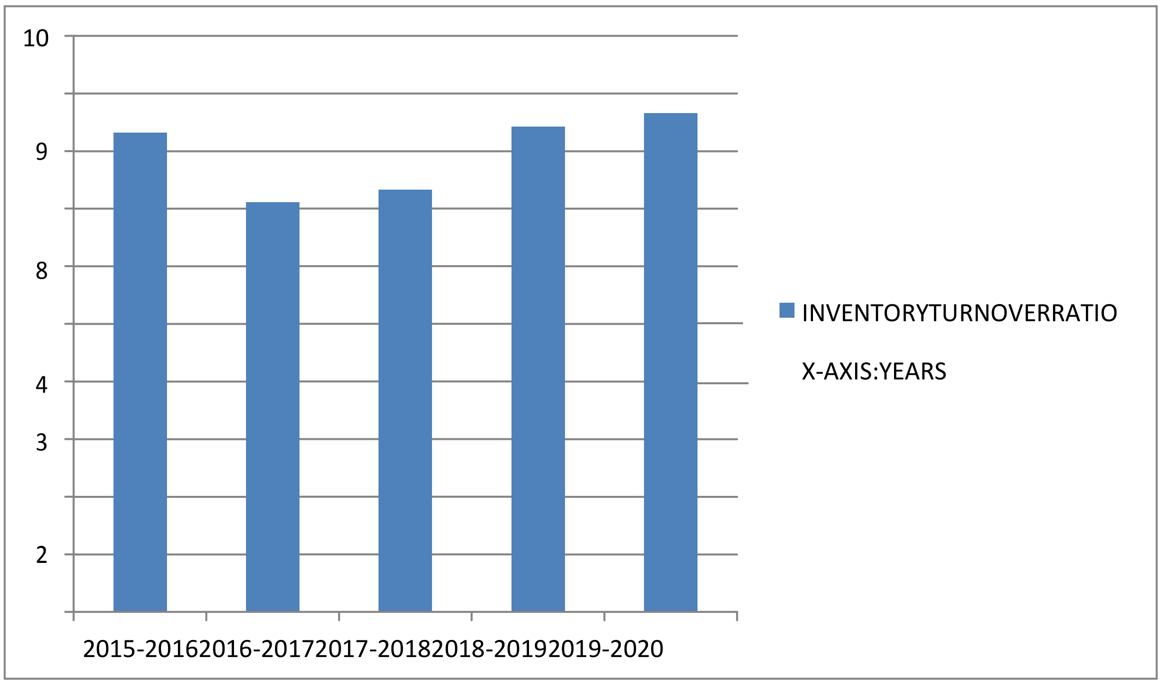
InventoryTurnoverRatio =NetSales/AverageInventory

TableNo:8:- CalculationofInventoryTurnoverRatioofRIL.

YEARS	NETSALES (inRsCr.)	AVERAGEIN VENTORY (inRsCr.)	INVENTORYTUR NOVER RATIO(in times)
2015-2016	233158	28034	8.32
2016-2017	242025	34018	7.11
2017-2018	290042	39568	7.33
2018-2019	371616	44144	8.42
2019-2020	335978	38802	8.66

Source: AnnualreportofReliance IndustriesLimited.

Chart No:8:-InventoryTurnoverRatioofRIL



Interpretation

The above chart and table represents the inventory turnover ratio of reliance industry limited. It indicates the numberof times the company is able to sell off its inventory. It also helps to identify if there are any excessive inventorywhen comapred with its sales level The ratio is expressed in terms of times. The inventory ratio is calculated bydividing the net sales by average inventory of the company. In the above chart X-axis denotes years and Y- axisdenotes ratios in times. The analysis is for the period of five years i.e 2015-2016 to 2019-2020 financial year. In theyear 2015-2016 the inventory is sold for 8.32 times even though the net sales and the average inventory is atitsleast. In the year 2016-2017 the inventory sold is 7.11 times which is the least of all. The net sales and averageinventory increased hereby the inventory ratio is also increased by 7.33 times in the year 2017-2018. The inventoryturnover ratio for the year 2018-2019 is 8.42 times though it has the highest net sales and average inventory. Theinventory turnover ratio for the year 2019-2020 is 8.66 times which is the highest of all the years. From the abovetable we have analysed that when the net sales increases inventory ratio will alsoincreases and the ratio willdecrease whentheaverageinventoryincreases.

WorkingCapitalTurnoverRatioFormula:

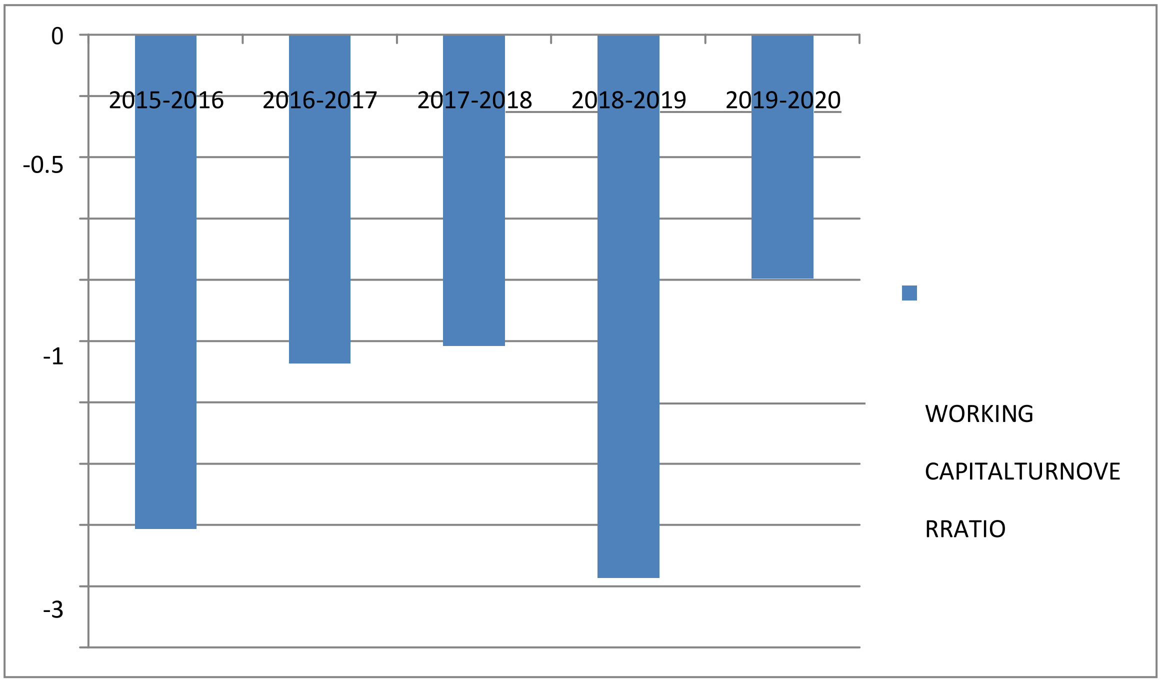
WorkingCapitalTurnoverRatio=NetSales/WorkingCapital

TableNo: 9:- CalculationOfWorkingCapitalTurnover RatioofRIL.

YEARS	NETSALES (inRsCr.)	WORKING CAPITAL (inRsCr.)	WORKING CAPITALT URNOVER RATIO(intimes)
2015-2016	233158	(57808)	(4.03)
2016-2017	242025	(90153)	(2.68)
2017-2018	290042	(114187)	(2.54)
2018-2019	371616	(83911)	(4.43)
2019-2020	335978	(168928)	(1.99)

Source:- Annualreport ofRelianceIndustriesLimited.

ChartNo9:-WorkingCapitalTurnoverRatioofRIL



Interpretation

The above table and chart shows the working capital turnover ratio of Reliance industries limited. Working capitalturnover is a ratio shows how efficiently the working capital is utilized and how it helps in sales and growth. Ahigher working capital turnover ratio indicates higher amount of sales. The ratio is expressed in times. The workingcapital ratio can be calculated by dividing the net sales by working capital of the company. The X-axis denotes yearsand the Y- axis denotes ratios. The analysis is for the period of five years i.e 2015-2016 to 2019-2020 financial year.In the financial year 2015 to 2016 the working capital turnover ratio is (4.03). The working capital turnover ratio is(2.68) for the year 2016 to 2017 which isbetter than the previous year. For the year 2017 to 2018 the workingcapital ratio is (2.54). In the financial year 2018 to 2019 the working capital is (4.43) which is the least of all thegiven years. The working capital turnover ratio for the year 2019 to 2020 is (1.99) which is the best of all. Theworking capital turnover ratio for the company in all the five years shows a negative impact. This is mainly becausethe current assets of the company are not sufficient to meet all the current liabilities incurred. The company mustinvestmuch moreoncurrentassetstobring theworking capitalofthecompanytoapositiverate.

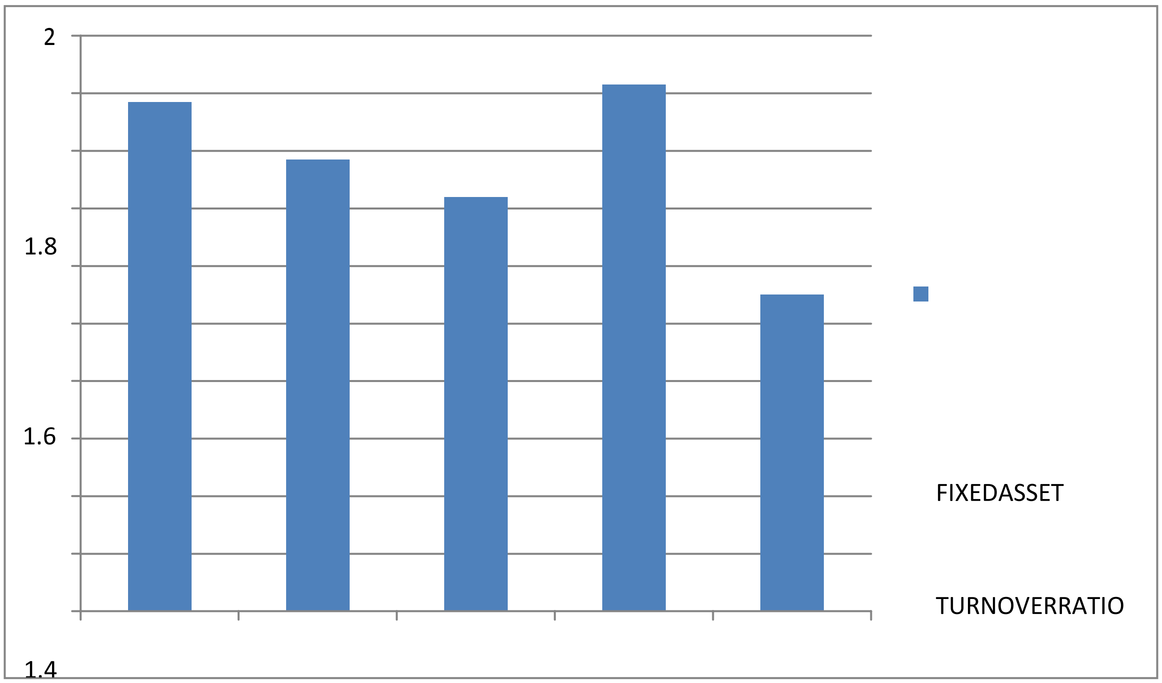
FixedAssetTurnoverRatioFormula:
FixedAssetTurnoverRatio=NetSales/FixedAssets

TableNo10:- CalculationOfFixedAssetTurnover RatioofRIL

YEARS	NETSALES (inRsCr.)	FIXEDASSETS (inRsCr.)	FIXED ASSETTURNOVE R RATIO(in times)
2015-2016	233158	131410	1.77
2016-2017	242025	154578	1.57
2017-2018	290042	200964	1.44
2018-2019	371616	203188	1.83
2019-2020	335978	306471	1.10

Source: AnnualreportofReliance IndustriesLimited.

ChartNo:10:-FixedAssetTurnoverRatioofRIL



Interpretation

The above chart and table shows the fixed asset turnover ratio of the Reliance industries limited. Fixed AssetTurnover (FAT) is a ratio that tells how efficiently the fixed assets of the company are used to generate more sales.Theratioisexpressedintimes.Fixedassetturnoverratiocanbecalculatedbydividingthenetsalesbyfixedassetofthecompany.TheX-axisdenotesyearsandtheY-axisdenotesratio.Theanalysisisfortheperiod offiveyears i.e2015- 2016to2019-2020financial years. Thefixedassetturnover ratiofortheyear 2015to2016is

1.77 (in times) even though the net sales is less when compared to the other years. In the financial year 2016 to 2017fixed asset turnover ratio is 1.57 times. Though net sales and inventory increased over the year, the ratio decreased.The year 2017 to 2018 shows a fixed asset turnover ratio of 1.44 times. The fixed asset turnover ratio is highest forthe year 2018 to 2019 which is 1.83 times. This year also has the highest net sales of all times. In the financial year2019 to 2020 the fixed asset ratio is 1.10 times which is the least ratio of all the five years even though the fixedassetshavebeenthehighestinthisyear.

FindingsOfThe Study

1. Either of the liquidity ratios didn’t satisfy the ideal ratios. Hence, it is clear that RIL has poor current assets andliquid assets.
2. Theideal ratiofor return on assets ratiois 5%. The total assets of the company havebeen steadilyincreasingand hence the company was able to achieve the ideal ratio in 2015- 2016, 2016-2017 and 2017-2018. But itfailed todoso intheyears2018-2019and 2019-2020.
3. ByanalyzingallthefinancialyearsRILdidabetterperformanceofturnoverratiointheyear2018-

2019.Itshowsefficiencyofinvestmentmadebythefirmisimproved

Suggestions:-

1. Thecompanymustdecreaseitscurrentliabilitiesandincreaseitscurrentassetsinordertoraisetheliquidityratiostothei deallevel.
2. Thecompanymustworkhardtoearnmoreprofitandnetincomeintheupcomingyearstokeepitsprofitabilityratiosatm aximum.
3. Thecompanymustincreaseitsnetsalesconstantlytohavebetterturnoverratios.

Conclusion:-

Reliance Industries Limited is India's largest company with all major parameters. RIL has the capability of acquiringweaker firms by throwing them out of competition. This study is done to analyse the financial performance of thecompany using comparative balance sheet, and to determine the liquidity, profitability and turnover rate of thecompany using ratio analysis for the period 2015-2016 to 2019-2020. The analysis is based on the sources ofsecondary data.Thisanalysiswillgivetheexactpictureofthecompany.Thisstudy willalsohelpthemanagementto take managerial decisions and to create new ideas. This study also gives the knowledge about usefulness of thetools.

This company is in good position but has to improve in some areas to satisfy the ideal ratios. The company would'veimproved a lot if it had reduced its borrowings. One of the major drawbacks is that the company was not able toachieve its ideal liquidity ratios and the reason for it is also the excess borrowings. Thus, if the company takes intoaccountthe suggestionsmadeinthisstudy,ithasa verygoodchance ofimprovement.

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