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# A PROJECT REPORT ON FINANCIAL ANALYSIS OF RELIANCE INDUSTRIES LIMITED THROUGH COMPARATIVE BALANCE SHEETS

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## ABSTRACT

*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 analyze the financial performance of Reliance Industries Limited (RIL) for a period of five years. The objective of the study is to determine the liquidity profitability and turnover rate of RIL. The tool used to analyze 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 findings reveal that the company has shown significant improvement in its financial performance in the past year, indicating strong growth potential and sound financial management practices. The study concludes that the financial analysis of Reliance Industries Limited through comparative balance sheets is an effective tool for evaluating the company's performance and making informed investment decisions.*

**KEYWORDS:** *Balance Sheet of Reliance Industries, Comparative Statement Analysis.*

## INTRODUCTION

### What is Financial Analysis

Financial analysis is the process of examining financial data, statements and reports to understand the financial performance and health of a business. It involves analysing financial statements, such as balance sheets, income statements, and cash flow statements, as well as other financial data to assess a company's profitability, liquidity, solvency, and stability. Financial analysis is essential for making informed business decisions, such as identifying areas for improvement, evaluating investment opportunities, and assessing the financial risks and rewards of potential business ventures. It can also help stakeholders, including investors, creditors, and management, to understand a company's financial performance and prospects for the future.

### Importance of Financial Analysis

Assessing financial health: Financial analysis helps assess a company's financial health by analysing its financial statements and key financial ratios. This information provides insights into the company's profitability, liquidity, solvency, and stability.

⟩ **Identifying trends**: Financial analysis helps identify trends in a company's financial performance over time. This information can be used to evaluate the effectiveness of management decisions and identify areas for improvement.

⟩ **Evaluating investment opportunities**: Financial analysis helps evaluate the potential return and risks associated with an investment opportunity. It can help investors make informed decisions about whether to invest in a company or not.

⟩ **Making financial decisions**: Financial analysis helps businesses make informed decisions about financing, operations, and investments. It helps to identify potential problems and opportunities, and helps to allocate resources in the most effective way.

⟩ **Communicating with stakeholders**: Financial analysis helps communicate a company's financial performance to stakeholders such as investors, creditors, and management. This information can help stakeholders understand the company's financial health, risks, and prospects for the future.

## Meaning of Comparative Balance Sheet

A comparative balance sheet is a financial statement that compares the financial position of a company over two or more periods. It provides a snapshot of the company's assets, liabilities, and equity at different points in time and helps to analyse the changes in the company's financial position over time. In a comparative balance sheet, the financial information for the current period is presented alongside the financial information for the previous period, allowing for a comparison of the two periods. The financial information may be presented in both absolute dollar amounts and as a percentage change, making it easier to identify trends and patterns in the company's financial performance.

## Importance of Comparative Statements

⟩ **Performance Evaluation:** Comparative statements provide a basis for evaluating a company's financial performance over time. By comparing financial information for different periods, stakeholders can assess whether a company is improving or declining in its financial performance.

⟩ **Decision-Making:** Comparative statements provide valuable information for decision-making, such as investment decisions or loan approvals. By comparing the financial information for different periods, stakeholders can make informed decisions about whether to invest in or lend to a company.

⟩ **Benchmarking:** Comparative statements provide a basis for benchmarking a company's financial performance against industry standards and competitors. This helps to identify areas where a company may be underperforming or outperforming, allowing stakeholders to make informed decisions about how to improve performance.

⟩ **Help in Forecasting:** The control might also additionally examine the fashion and forecast and draft diverse destiny plans and coverage measures, with the assist of a comparative declaration.

## LITERATURE REVIEW

⟩ Basumatary and R. Hussian (2017) used the DuPont analysis to evaluate the return on equity (ROE) of Reliance Industries. The study found that Reliance Industries had a high ROE, indicating that the company was generating high returns for its shareholders.

) S. Murugan and S. Sathya (2018) analyzed the financial performance of Reliance Industries using financial ratios such as liquidity ratios, solvency ratios, profitability ratios, and efficiency ratios. The study found that Reliance Industries had a strong financial position, with high liquidity and profitability ratios and efficient use of its assets.

) P. T. Pawar and S. A. Nalawade (2019) analyzed the financial performance of Reliance Industries using financial ratios such as liquidity ratios, profitability ratios, and solvency ratios. The study found that Reliance Industries had a strong financial position with a high return on equity and return on assets, indicating efficient use of its assets to generate profits.

## OBJECTIVES OF STUDY

) To generate consistent and sustainable returns for its shareholders by analysing balance sheets.

) To compare the balance sheet can help to evaluate the changes in company financial position such as changes in asset, liabilities, and equity over period.

) To evaluate the financial position of Reliance Industries Ltd from 2018 to 2022.

) To analyze the financial changes over 5 years

### Need for Study

This study needs to understand the financial position of reliance industries to check the entire financial analysis of the company the study mainly concentrates on various financial aspects like non-current assets, Equities, and liabilities, noncurrent liabilities, current liabilities, contingent liabilities, fixed assets, current assets CIF of the value of imports current investments.

### Statement of a Problem

Financial analysis is the practice of assessing the common components of financial statements in order to acquire a better understanding of a company's condition and performance. Investors and creditors can use financial analysis to evaluate previous and current performance and financial situation, as well as forecast future performance. A financial statement is used to evaluate a company's profitability and financial stability. Financial performance refers to the selection, appraisal, and interpretation of financial data, as well as other pertinent information, to aid in investment and financial decision-making.

## RESEARCH METHODOLOGIES

) Research is defined as a systematic, gathering, recording and analysis of data about problem relating to any particular field.

) It determines strength reliability and accuracy of the project.

### Research Design

Research design pertains to the great research approach or strategy for a particular project. A research project has to be the conducted scientifically making sure that the data is collected adequately and economically. The study used a descriptive research design for the purpose of getting an insight over the issue. It is providing an accurate picture of some aspects of market environment. Descriptive research is used when the objective is to provide a systematic description that is as factual and accurate as possible.

### Source of Data

Secondary data Balance sheet of reliance industries Text book, journals, Websites and Articles.

### Sampling Design

Last 5 years balance sheets are been considered in to the study i.e. 2018-2022.

### Tools and Technique

Comparative Statement Analysis

### Balance Sheet of Reliance Industries

**Table 1**

| Reliance Industries | Previous Years » | | | | |
|---|---|---|---|---|---|
| Standalone Balance Sheet | ------------------- in Rs. Cr. ------------------- | | | | |
| | **Mar 22** | **Mar 21** | **Mar 20** | **Mar 19** | **Mar 18** |
| | 12 months | 12 months | 12 months | 12 months | 12 months |
| EQUITIES AND LIABILITIES | | | | | |
| SHAREHOLDER'S FUNDS | | | | | |
| Equity Share Capital | 6,765.00 | 6,445.00 | 6,339.00 | 6,339.00 | 6,335.00 |
| **Total Share Capital** | **6,765.00** | **6,445.00** | **6,339.00** | **6,339.00** | **6,335.00** |
| Reserves and Surplus | 464,762.00 | 468,038.00 | 384,875.00 | 398,983.00 | 308,297.00 |
| **Total Reserves and Surplus** | **464,762.00** | **468,038.00** | **384,875.00** | **398,983.00** | **308,297.00** |
| **Total Shareholders Funds** | **471,527.00** | **474,483.00** | **391,214.00** | **405,322.00** | **314,632.00** |
| Equity Share Application Money | 0.00 | 0.00 | 1.00 | 0.00 | 15.00 |
| NON-CURRENT LIABILITIES | | | | | |
| Long Term Borrowings | 167,231.00 | 160,598.00 | 194,402.00 | 118,098.00 | 81,596.00 |
| Deferred Tax Liabilities [Net] | 30,832.00 | 30,788.00 | 50,556.00 | 47,317.00 | 27,926.00 |
| Other Long Term Liabilities | 6,504.00 | 4,518.00 | 3,434.00 | 504.00 | 504.00 |
| Long Term Provisions | 1,598.00 | 1,499.00 | 1,410.00 | 2,483.00 | 2,205.00 |
| **Total Non-Current Liabilities** | **206,165.00** | **197,403.00** | **249,802.00** | **168,402.00** | **112,231.00** |
| CURRENT LIABILITIES | | | | | |
| Short Term Borrowings | 27,332.00 | 33,152.00 | 59,899.00 | 39,097.00 | 15,239.00 |
| Trade Payables | 134,005.00 | 86,999.00 | 71,048.00 | 88,241.00 | 88,675.00 |
| Other Current Liabilities | 38,749.00 | 80,735.00 | 198,662.00 | 73,900.00 | 85,815.00 |
| Short Term Provisions | 896.00 | 901.00 | 1,073.00 | 783.00 | 918.00 |
| **Total Current Liabilities** | **200,982.00** | **201,787.00** | **330,682.00** | **202,021.00** | **190,647.00** |
| **Total Capital And Liabilities** | **878,674.00** | **873,673.00** | **971,699.00** | **775,745.00** | **617,525.00** |
| OTHER ADDITIONAL INFORMATION | | | | | |
| CONTINGENT LIABILITIES, COMMITMENTS | | | | | |
| Contingent Liabilities | 30,426.00 | 25,921.00 | 45,924.00 | 111,869.00 | 66,970.00 |
| CIF VALUE OF IMPORTS | | | | | |
| EXPENDITURE IN FOREIGN EXCHANGE | | | | | |
| Expenditure In Foreign Currency | 321,119.00 | 134,436.00 | 260,280.00 | 307,558.00 | 221,977.00 |
| REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS | | | | | |
| Dividend Remittance In Foreign Currency | - | - | - | - | - |
| EARNINGS IN FOREIGN EXCHANGE | | | | | |
| FOB Value Of Goods | - | - | - | - | - |
| Other Earnings | 245,752.00 | 179,929.00 | 284,196.00 | 214,337.00 | 169,763.00 |
| BONUS DETAILS | | | | | |
| Bonus Equity Share Capital | 5,188.89 | 5,188.89 | 5,188.89 | 5,188.89 | 5,188.89 |
| NON-CURRENT INVESTMENTS | | | | | |
| Non-Current Investments Quoted Market Value | 62,401.00 | 21,240.00 | 27,475.00 | 12,937.00 | 12,182.00 |
| Non-Current Investments Unquoted Book Value | 273,377.00 | 235,348.00 | 394,521.00 | 259,314.00 | 160,045.00 |
| CURRENT INVESTMENTS | | | | | |
| Current Investments Quoted Market Value | 21,471.00 | 36,303.00 | 31,814.00 | 24,017.00 | 13,133.00 |
| Current Investments Unquoted Book Value | 56,833.00 | 58,362.00 | 38,216.00 | 35,623.00 | 40,144.00 |

## DATA ANALYSIS AND INTERPRETATION

**Table 2**

| Standalone Balance Sheet | ------------------- in Rs. Cr. ------------------- | | | | |
|---|---|---|---|---|---|
| | **Mar 22** | **Mar 21** | **Mar 20** | **Mar 19** | **Mar 18** |
| | 12 months | 12 months | 12 months | 12 months | 12 months |
| **SHAREHOLDER'S FUNDS** | | | | | |
| Equity Share Capital | 6,765.00 | 6,445.00 | 6,339.00 | 6,339.00 | 6,335.00 |
| **Total Share Capital** | **6,765.00** | **6,445.00** | **6,339.00** | **6,339.00** | **6,335.00** |
| Reserves and Surplus | 464,762.00 | 468,038.00 | 384,875.00 | 398,983.00 | 308,297.00 |
| **Total Reserves and Surplus** | **464,762.00** | **468,038.00** | **384,875.00** | **398,983.00** | **308,297.00** |
| **Total Shareholders Funds** | **471,527.00** | **474,483.00** | **391,214.00** | **405,322.00** | **314,632.00** |

## Equities and Liabilities
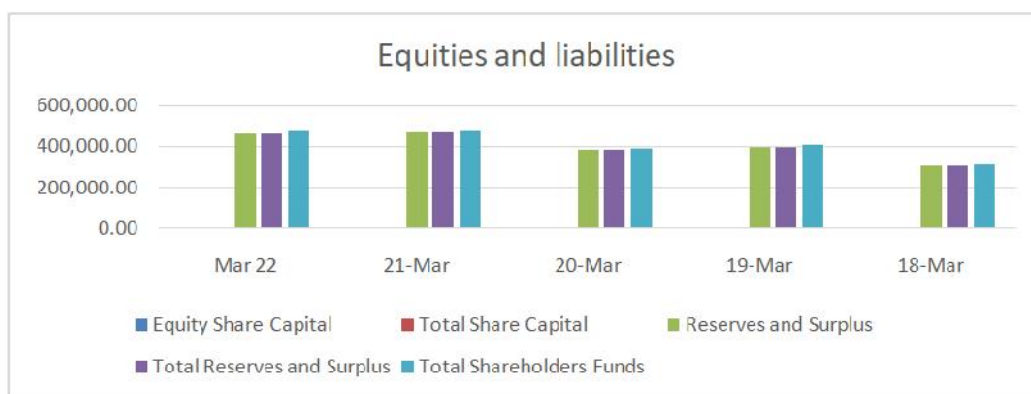


**Figure 1**

## Analysis and Interpretation

⟩ From the above graph shows that there is a low increase in the share and equities and liabilities from the year of March 2018 to march 2022.

⟩ In the year of 2021 there is a highest increase in the shareholder funds.

## Noncurrent Liabilities

**Table 3**

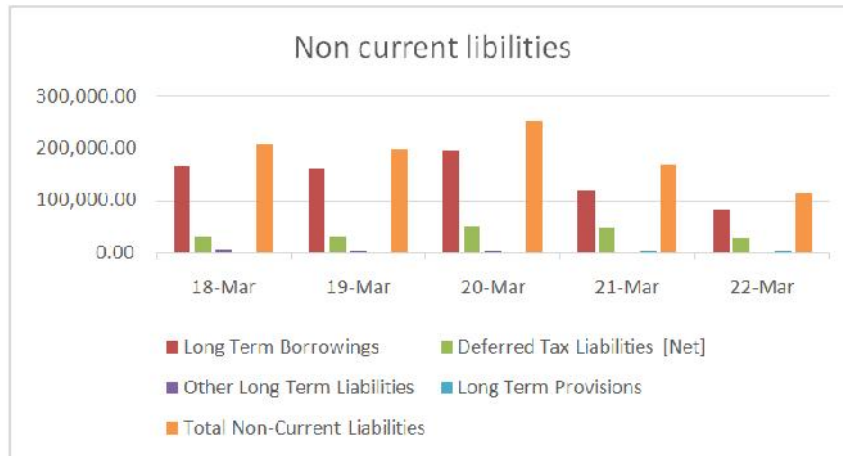| NON-CURRENT LIABILITIES | | | | | |
|---|---|---|---|---|---|
| Long Term Borrowings | 167,231.00 | 160,598.00 | 194,402.00 | 118,098.00 | 81,596.00 |
| Deferred Tax Liabilities [Net] | 30,832.00 | 30,788.00 | 50,556.00 | 47,317.00 | 27,926.00 |
| Other Long Term Liabilities | 6,504.00 | 4,518.00 | 3,434.00 | 504.00 | 504.00 |
| Long Term Provisions | 1,598.00 | 1,499.00 | 1,410.00 | 2,483.00 | 2,205.00 |
| **Total Non-Current Liabilities** | **206,165.00** | **197,403.00** | **249,802.00** | **168,402.00** | **112,231.00** |

**Figure 2**

## Analysis and Interpretation

⟩ From the above graph shows that there is a low increase in the other long-term liabilities from the year of mar 2018 to mar 2022.

⟩ In the year of 2019 there is a highest increase total non- current liability.

## Current Liabilities

**Table 4**

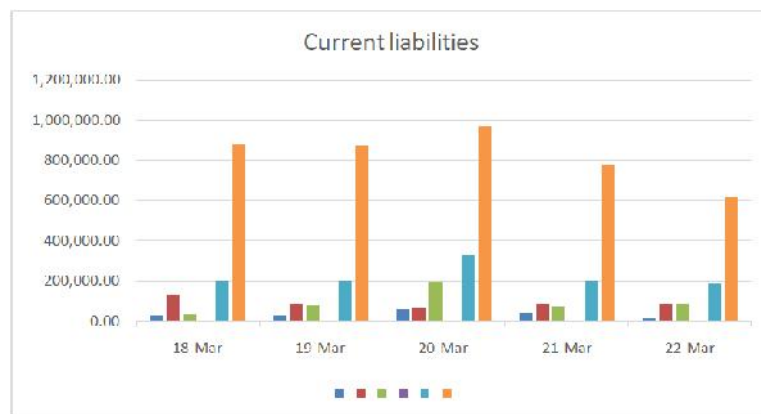| CURRENT LIABILITIES | | | | | |
|---|---|---|---|---|---|
| Short Term Borrowings | 27,332.00 | 33,152.00 | 59,899.00 | 39,097.00 | 15,239.00 |
| Trade Payables | 134,005.00 | 86,999.00 | 71,048.00 | 88,241.00 | 88,675.00 |
| Other Current Liabilities | 38,749.00 | 80,735.00 | 198,662.00 | 73,900.00 | 85,815.00 |
| Short Term Provisions | 896.00 | 901.00 | 1,073.00 | 783.00 | 918.00 |
| **Total Current Liabilities** | **200,982.00** | **201,787.00** | **330,682.00** | **202,021.00** | **190,647.00** |
| **Total Capital And Liabilities** | **878,674.00** | **873,673.00** | **971,699.00** | **775,745.00** | **617,525.00** |



**Figure 3**

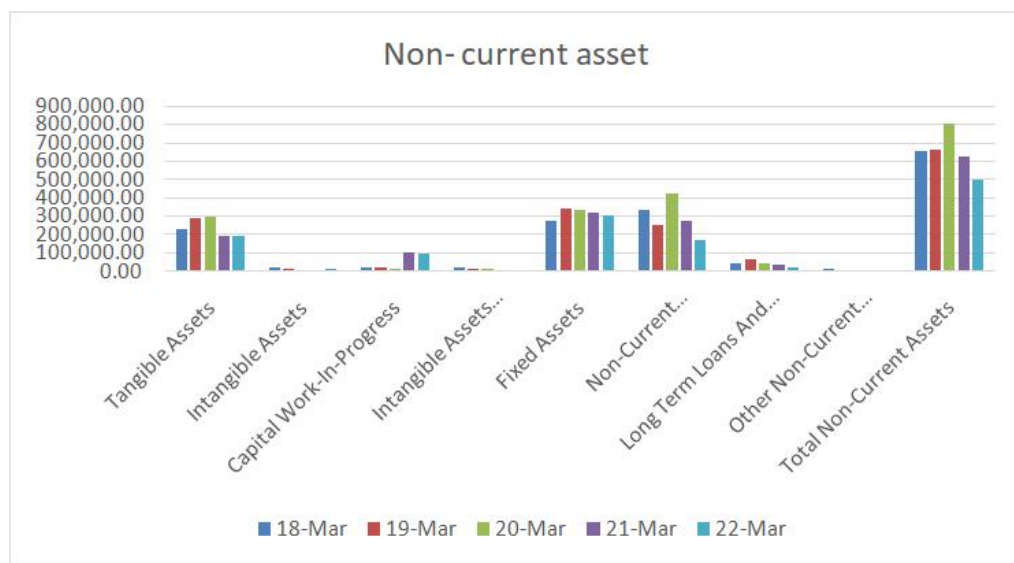## Analysis and Interpretation

⟩ From the above graph we can understand that there is not much growth in the current liabilities in the year of 2018

⟩ From the year of 2019 to 2022 there is a continuous growth in the current liabilities.

**Noncurrent Asset**

<div align="center">

**Table 5**

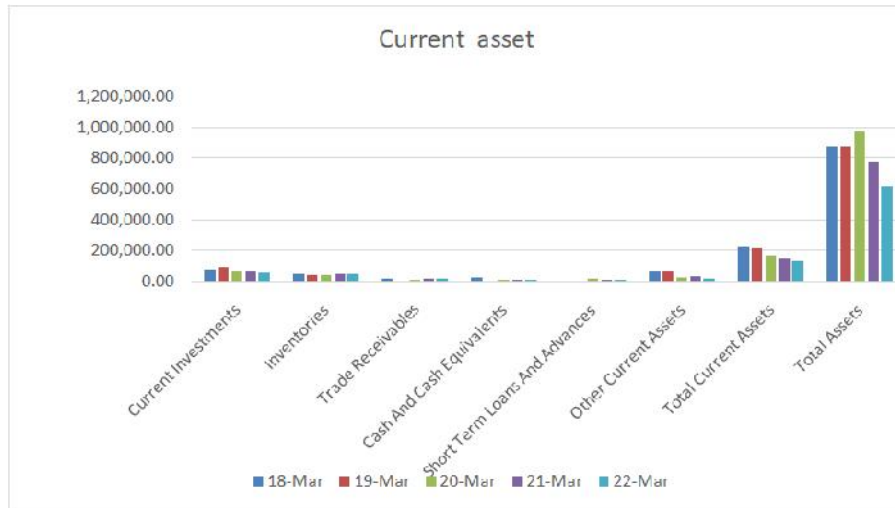| NON-CURRENT ASSETS | | | | | |
|---|---|---|---|---|---|
| Tangible Assets | 223,824.00 | 292,092.00 | 297,854.00 | 194,895.00 | 191,879.00 |
| Intangible Assets | 15,802.00 | 14,741.00 | 8,624.00 | 8,293.00 | 9,085.00 |
| Capital Work-In-Progress | 19,267.00 | 20,765.00 | 15,638.00 | 105,155.00 | 92,581.00 |
| Intangible Assets Under Development | 15,395.00 | 12,070.00 | 12,327.00 | 6,402.00 | 6,902.00 |
| **Fixed Assets** | **274,288.00** | **339,668.00** | **334,443.00** | **314,745.00** | **300,447.00** |
| Non-Current Investments | 330,493.00 | 252,620.00 | 421,793.00 | 272,043.00 | 171,945.00 |
| Long Term Loans And Advances | 41,951.00 | 65,698.00 | 44,348.00 | 31,806.00 | 17,699.00 |
| Other Non-Current Assets | 9,544.00 | 4,968.00 | 4,461.00 | 4,287.00 | 3,522.00 |
| **Total Non-Current Assets** | **656,276.00** | **662,954.00** | **805,045.00** | **622,881.00** | **493,613.00** |

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**Figure 4**

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**Analysis and Interpretation**

�)  From the above graph we can understand that in the year from Mar 2018 is very less growth compared with other years.

〉  In the year from Mar 2019, Mar 2020, Mar 2021 and Mar 2022 there is a growth in the noncurrent asset.

**Current Asset**

<div align="center">

**Table 6**

| CURRENT ASSETS | | | | | |
|---|---|---|---|---|---|
| Current Investments | 78,304.00 | 94,665.00 | 70,030.00 | 59,640.00 | 53,277.00 |
| Inventories | 45,923.00 | 37,437.00 | 38,802.00 | 44,144.00 | 39,568.00 |
| Trade Receivables | 14,394.00 | 4,159.00 | 7,483.00 | 12,110.00 | 10,460.00 |
| Cash And Cash Equivalents | 21,714.00 | 5,573.00 | 8,485.00 | 3,768.00 | 2,731.00 |
| Short Term Loans And Advances | 161.00 | 993.00 | 15,028.00 | 4,876.00 | 3,533.00 |
| Other Current Assets | 61,902.00 | 67,892.00 | 26,826.00 | 28,326.00 | 14,343.00 |
| **Total Current Assets** | **222,398.00** | **210,719.00** | **166,654.00** | **152,864.00** | **123,912.00** |
| **Total Assets** | **878,674.00** | **873,673.00** | **971,699.00** | **775,745.00** | **617,525.00** |

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**Figure 5**

**Analysis and Interpretation**

⟩ From the above graph we can understand that there is less growth in the graph from the year of 2018 to 2021

⟩ From the year mar 2022 is much growth in the total current asset

## FINDINGS, RECOMMENDATIONS, CONCLUSION

### Findings

This research is being conducted with the goal of analysing comparative balance sheets investigate and comprehend the function of money in the growth of Reliance Industries Limited This chapter seeks to emphasise the study's findings. From the year 2018 to 2022 the data which was taken from the balance sheet shows the deviations which had happened

⟩ Equities and Liabilities.

⟩ Non-Current Liabilities.

⟩ Current Liabilities

⟩ Non-Current Assets,

⟩ Current Asset

⟩ Contingent Liabilities, Commitments

⟩ Non- Current Investments

⟩ Current Investment

⟩ From the study of the comparative balance sheet of reliance industries, there is a high growth of equities and liabilities in the year mar 2021

⟩ From the year march2019 there is a highest increase of total non- current liabilities

⟩ From the year mar2018 there is a not much growth in the current liabilities and mar 2019 to 2022 continuous growth in the current liabilities

- From the year mar 2018 there is a very less growth non-current asset compared with other years

- From the year mar 2018 to 2021 that there is less growth of total current asset

- From the year mar 2021 there is a high growth in the contingent liabilities and commitments

- From the year mar 2020 there is a high growth in the non -current investment(book value) and continuously down falling of the non -current investment(Marketvalue)

- From the year 2022 there is a low increase of current investment (Market value)and high increase of current-investment (Book value)

## Recommendations

- One of the most commonly used strategies for analysing financial accounts is a comparative analysis.

- It is the act of comparing two or more fiscal years any given period in a report.

- A comparative balance sheet is one of the most requested financial documents by businesses.

- The most significant benefit of comparing Financial records over time is detecting trends, analysing data, and making sound decisions.

- As the study on financial analysis of reliance industries Limited using comparative balance sheet there is much in the increase in the fixed asset, expenditure, in foreign exchange.

- I suggest to the investors to invest in the fixed asset of reliance industries.

- The corporation will concentrate on equity share capital and dividend remittances in foreign currencies.

- The company to focus on the non-current liabilities.

## Conclusion

From the above evaluation of the enterprise monetary statement, it is concluded that the enterprise monetary position is mild due to the fact, the enterprises probable fluctuations. So, after all of the evaluation, I would really like to finish that reliance industries Ltd has respectable monetary management, still then there are a few techniques which had carried out and this can reinforce its monetary position like as an example in 2020 the income decreased because of COVID19 which affected RIL Collectively with its subsidiaries. The enterprise must deal with its long-term borrowings. The enterprise achieves enough income in 5 years. The long time period solvency function of the enterprise is superb. The enterprise continues low liquidity to attain excessive profitability. The enterprise distributes dividends each year to its shareholder. The income of the enterprise reduced from within the ultimate year because of keeping the relatively excessive liquidity. The networking capital of the enterprise is most from within the ultimate displaying the most liquidity.

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