

A Study on Financial Planning and Portfolio Management at Reliance Industries Limited

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Abstract:

Financial Planning and Portfolio Management are essential for effective financial resource utilization and long-term growth. This study examines the financial planning and portfolio management practices of Reliance Industries Limited from 2020–2021 to 2024–2025 using secondary data collected from annual reports, financial statements, journals, and financial databases. Tools such as Ratio Analysis, Trend Analysis, Risk and Return Analysis, Portfolio Efficiency Analysis, Standard Deviation, Correlation Analysis, CAPM, and Chi-Square Test were applied for analysis. The study found consistent growth in sales and profits, stable profitability, efficient asset utilization, and effective investment management. Risk-return and CAPM analyses indicated a stable risk profile with satisfactory returns. The study concludes that sound financial planning and portfolio management practices have contributed to the financial stability, investment performance, and long-term growth of Reliance Industries Limited.

Keywords: Financial Planning, Portfolio Management, Ratio Analysis, Risk and Return, CAPM, Portfolio Efficiency, Reliance Industries Limited.

Introduction:

Portfolio Management is an important aspect of financial management that focuses on selecting and managing investments to achieve maximum returns with minimum risk. It is based on the principle of diversification, which helps organizations maintain stability and improve financial performance by spreading investments across different assets and business segments. In the modern business environment, characterized by globalization, technological advancements, and market uncertainties, effective portfolio management has become essential for long-term growth and profitability. Reliance Industries Limited, with its diversified presence in energy, petrochemicals, retail, and telecommunications, provides an ideal case for studying portfolio management practices. The company's ability to balance risk and return through efficient investment decisions has contributed significantly to its financial success and market leadership. This study analyzes the portfolio management practices of Reliance Industries Limited to understand its investment strategies, risk management techniques, and overall financial performance, while also providing practical insights into the application of financial management concepts.

Review of Literature:

Shashikumar Bhambhani et al. (2025) The study examined the impact of market volatility on mutual fund performance in India. The findings showed that market fluctuations affect returns and risk, highlighting the importance of diversification in portfolio management.

P. Venkatesh & V. Akshayaram (2024) The study analyzed portfolio management services in India. The findings emphasized diversification and asset allocation as essential strategies for reducing risk and improving investment performance.

Sen, J., & Dasgupta, S. (2023) The study focused on portfolio optimization using machine learning and statistical techniques. The findings revealed that different portfolio models perform differently under varying market conditions.

Indian Equity Portfolio Study (2022) The objective was to analyze portfolio diversification in Indian markets. The methodology included financial ratio and trend analysis. The findings showed that diversification reduces risk and improves returns. This is relevant for understanding investment strategies in large firms.

Research Gap:

Although several studies have been conducted on financial planning and portfolio management, most focus on general financial practices rather than diversified companies like Reliance Industries Limited. In addition, limited research is available on the relationship between financial planning, portfolio performance, and risk-return management in a corporate context. Many existing studies also rely on older data and do not reflect recent business developments. Therefore, this study aims to bridge these gaps by providing a recent and company-specific analysis of the financial planning and portfolio management practices of Reliance Industries Limited.

Need for the Study:

The need for this study arises from the growing importance of financial planning and portfolio management in achieving organizational growth, financial stability, and efficient resource utilization. Reliance Industries Limited, being a diversified company, requires effective investment and resource allocation decisions to manage risk and maximize returns. This study helps evaluate the company's financial strategies, portfolio performance, and risk-return relationship, while identifying strengths and areas for improvement. It also provides valuable insights into how effective financial planning contributes to long-term business success in a competitive and dynamic environment.

Statement of the Problem:

Reliance Industries Limited operates across multiple business sectors, making financial planning and investment management complex. The company faces challenges in allocating financial resources effectively, balancing risk and return, and evaluating investment performance. Therefore, this study aims to analyze the company's financial planning and portfolio management practices to assess how efficiently it utilizes its financial resources to achieve growth and profitability.

Objectives of the study:

1. To understand the financial planning and portfolio management practices of reliance industries limited.
2. To analyze the risk-return trade off in the company's investment decisions.
3. To Evaluate the performance of the company's investment portfolio.

Scope of the Study:

This study focuses on the financial planning and portfolio management practices of Reliance Industries Limited in India during the period 2020–2021 to 2024–2025. It covers financial planning, investment decisions, portfolio management, risk-return analysis, and investment performance evaluation based on secondary data. The study is limited to a single company and a specific time period, making the findings relevant to Reliance Industries Limited and its financial activities.

Limitations of the Study:

1. The study is limited to Reliance Industries Limited, and the findings may not be applicable to other companies or industries.
2. The analysis is based entirely on secondary data collected from annual reports, financial statements, and company disclosures.
3. The study covers only a five-year period from 2020–2021 to 2024–2025.

4. It focuses mainly on financial planning, portfolio management, risk-return analysis, and selected financial indicators.
5. Qualitative factors such as managerial decisions, market competition, regulatory changes, and technological developments are not examined in detail.

Research design

Data Collection Methods:

The study is based entirely on **secondary data**. The required data was collected from the annual reports of Reliance Industries Limited, audited financial statements, company publications, financial databases, journals, books, research articles, and official websites. The collected data relates to the period from 2020–2021 to 2024–2025 and was used for analyzing the company's financial planning and portfolio management practices.

Tools Used for Analysis: Ratio Analysis, Trend Analysis, Risk and Return Analysis, Correlation Analysis, Profitability Analysis of Investments, Capital Asset Pricing Model (CAPM).

Hypothesis:

H₀ (Null Hypothesis): There is no significant relationship between portfolio management practices and the profitability and risk-return performance of Reliance Industries Limited.

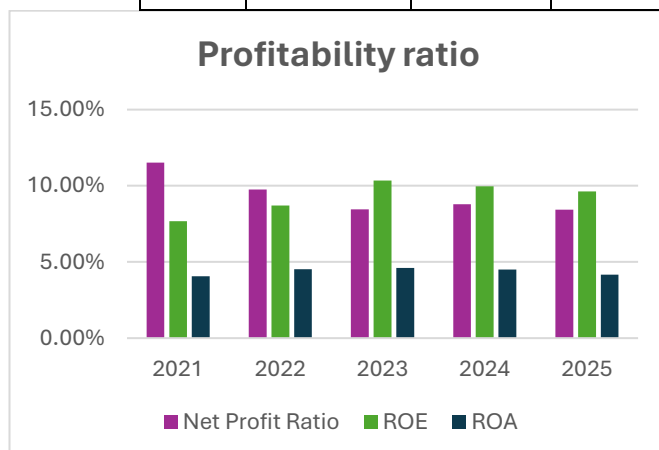
H₁ (Alternative Hypothesis): There is a significant relationship between portfolio management practices and the profitability and risk-return performance of Reliance Industries Limited.

Data analysis and interpretation:

1. Profitability Ratio:

Table:1 Profitability ratio

Year	Net Profit (₹ Cr)	Sales (₹Cr)	Equity (₹Cr)	Total Assets (₹Cr)	Net Profit Ratio	ROE	ROA
2021	53,739	4,66,307	7,00,172	13,20,065	11.53%	7.67%	4.07%
2022	67,845	6,94,673	7,79,485	14,98,622	9.76%	8.70%	4.53%
2023	74,088	8,76,396	7,15,872	16,05,882	8.45%	10.35%	4.61%
2024	79,020	8,99,041	7,93,481	17,55,048	8.79%	9.96%	4.50%
2025	81,309	9,62,820	8,43,200	19,49,713	8.44%	9.64%	4.17%



Interpretation: The profitability ratios indicate stable financial performance. The Net Profit Ratio remained around 8–9%, while ROE and ROA show effective utilization of shareholders’ funds and assets. Overall, the company maintains good profitability and sound financial management.

2. Portfolio efficiency analysis:

Year	Sales	Total Assets	Total Asset Turnover	Net Profit	Net Profit Margin %	ROA %
2021	4,66,307	13,20,065	0.35	53,739	11.52%	4.07%
2022	6,94,673	14,98,622	0.46	67,845	9.77%	4.53%
2023	8,76,396	16,05,882	0.55	74,088	8.46%	4.61%
2024	8,99,041	17,55,048	0.51	79,020	8.79%	4.50%
2025	9,62,820	19,49,713	0.49	81,309	8.44%	4.17%

Table:2 portfolio efficiency analysis

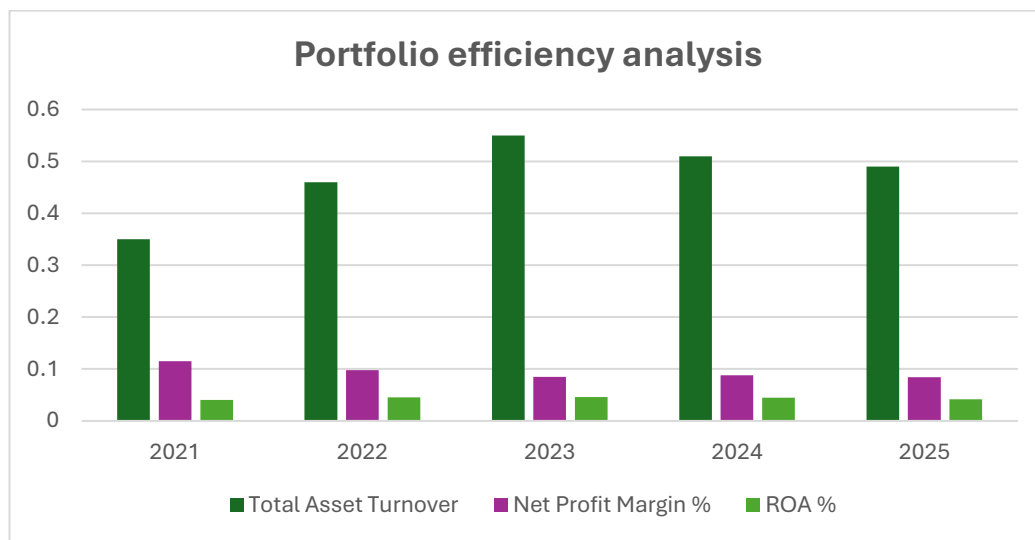


Figure:2 Portfolio efficiency analysis

Interpretation: The portfolio efficiency analysis indicates effective asset utilization and stable returns. Although the net profit margin declined slightly in recent years, the company maintained a consistent ROA of around 4–5%. Overall, the investment portfolio performed efficiently, with scope for improving profitability through better cost management.

3.Risk – Return analysis

Year	Net Profit (₹ Cr)	Sales (₹Cr)	Equity (₹ Cr)	Total Assets (₹Cr)	Net Profit Ratio	ROE	ROA
2021	53,739	4,66,307	7,00,172	13,20,065	11.53%	7.67%	4.07%
2022	67,845	6,94,673	7,79,485	14,98,622	9.76%	8.70%	4.53%
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2024	79,020	8,99,041	7,93,481	17,55,048	8.79%	9.96%	4.50%
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Table: 3 Risk-Return analysis

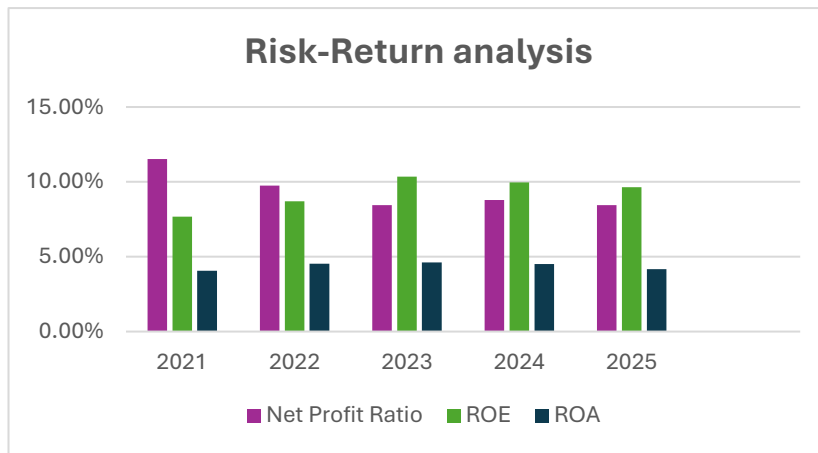


Figure:3 Risk-Return analysis

Interpretation: The company's net profit increased steadily during the study period, reflecting overall growth. However, the decline in Net Profit Ratio and slight fluctuations in ROE and ROA indicate increasing costs and moderate efficiency in utilizing shareholders' funds and assets.

Chi-square test:

Particulars	Observed Frequency (O)	Expected Frequency (E)	(O-E) ² /E
Financial Planning – Improved	4	3.5	0.071
Financial Planning – Moderate	1	1.5	0.167
Portfolio Management – Improved	3	3.5	0.071
Portfolio Management – Moderate	2	1.5	0.167
Total	10	10	0.476

Decision rule:

Since

Calculated χ^2 (0.476) < Table χ^2 (3.841),

Accept the Null Hypothesis (H_0)

Interpretation:

The Chi-Square test indicates that there is no statistically significant relationship between financial planning and portfolio management performance during the study period based on the classified data used for analysis. The observed variations are within the limits of chance, suggesting that the company's portfolio performance is influenced by multiple factors beyond the variables considered in this test.

Findings:

- Net profit increased consistently from ₹53,739 crore in 2021 to ₹81,309 crore in 2025, indicating strong financial growth.
- Sales revenue showed continuous growth and reached 206% of the 2021 level by 2025, reflecting business expansion and improved market presence.
- The Net Profit Ratio declined from 11.53% in 2021 to 8.44% in 2025, indicating that expenses increased faster than sales.
- Return on Equity (ROE) improved and reached a peak of 10.35% in 2023, demonstrating effective utilization of shareholders' funds, before declining slightly in later years.
- Return on Assets (ROA) remained stable between 4% and 5%, showing consistent returns generated from total assets.
- The Asset Turnover Ratio improved from 0.35 in 2021 to 0.55 in 2023, indicating better asset utilization, although it declined slightly in subsequent years.
- The Fixed Asset Turnover Ratio increased initially, reflecting efficient utilization of fixed assets, and moderated in later years.
- The Investment Turnover Ratio increased significantly from 1.28 to 3.97, indicating improved efficiency of investments in generating sales.
- Trend analysis showed continuous growth in sales, operating profit, and net profit throughout the study period.
- Risk-return analysis revealed increasing earnings along with declining profitability margins, highlighting the need for better cost management.
- The standard deviation of ₹9,877.5 crore indicates moderate fluctuations in net profit and relatively stable financial performance.
- The correlation coefficient of 0.27 between Reliance Industries returns and NIFTY returns indicates a low positive relationship with market movements.
- CAPM analysis estimated an expected return of 12.88% with a beta value of 0.99, indicating market-level risk and reasonable expected returns.
- Overall, Reliance Industries Limited maintained strong growth, efficient resource utilization, and a balanced risk-return profile despite pressure on profit margins.

Conclusion:

The study on Financial Planning and Portfolio Management at Reliance Industries Limited concludes that the company has demonstrated strong financial growth and effective portfolio management during the period from 2021 to 2025. The steady increase in sales and net profit reflects its ability to expand operations and maintain a competitive position in the market.

The analysis of profitability, efficiency, and trend indicators shows that the company has utilized its resources effectively and generated consistent returns. However, the decline in net profit margin indicates that rising costs and expenses have affected overall profitability, highlighting the importance of continuous cost management and operational efficiency.

The risk-return analysis, standard deviation, correlation analysis, and CAPM results indicate that the company maintains a balanced level of investment risk while providing satisfactory returns. The beta value close to one suggests that the company's stock moves in line with the overall market, making it a relatively stable investment.

Overall, Reliance Industries Limited has successfully adopted sound financial planning and portfolio management practices that support long-term growth and value creation. The study concludes that the company's diversified business strategy, effective investment decisions, and balanced approach to risk management have contributed significantly to its financial stability and sustained performance. Continued focus on improving profitability margins and efficient utilization of assets will further strengthen its future growth prospects.

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