STUDY ON WORKING CAPITAL MANAGEMENT RELIANCE RETAIL LIMITED

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ABSTRACT

Reliance Retail Limited, a subsidiary of Reliance Industries Limited, is India’s largest and fastest-growing retailer, with a diversified presence across grocery, fashion and lifestyle, electronics, pharma, and e-commerce sectors. Established in 2006, the company has played a pivotal role in transforming India's retail landscape by leveraging its extensive supply chain, technological innovation, and customer-centric approach. Through strategic acquisitions, omnichannel retailing, and the expansion of private labels, Reliance Retail has established a robust pan-India footprint. Its integration of digital commerce through platforms like JioMart, alongside partnerships with global brands, positions it as a major player in both offline and online retail ecosystems. The company’s aggressive scaling, inclusive growth model, and alignment with the broader vision of a digitally enabled India have contributed to its dominance in the sector. This paper/study (if applicable) analyzes Reliance Retail’s business model, market strategies, growth trajectory, and future outlook in the context of the Indian and global retail environment.

Keywords: Reliance Retail, Indian retail sector, Retail business model, JioMart, Strategic acquisitions, Supply chain management, Digital transformation, Retail innovation, E-commerce in India, Retail expansion .

INTRODUCTION

Reliance Retail Limited is an Indian multinational conglomerate company that is headquartered in Mumbai, India. Reliance owns businesses across India engaged in energy, petrochemicals, textiles, natural resources, retail, and telecommunications. Reliance is one of the most profitable and the largest publicly traded companies in India. The company is ranked 96th on the Fortune Global 500 list of the world's biggest corporations as of 2020. Reliance continues to be India's largest exporter as it accounts for 8% of India's total merchandise exports with a value of ₹1,47,755 crore and access to markets in 108 countries. 5% of the government of India’s total revenue comes from Reliance’s customs and exercise duty. It is also the highest income tax payer in the private sector in India.

Working capital is a financial metric that measures a company's short-term financial health. Working capital is the difference between a business's current assets (such as cash, accounts receivable, and inventory) and its current liabilities (like accounts payable and short-term debt). In simple terms, working capital is the capital required to ensure a company can meet its short-term obligations and continue its day-to-day operations.

The assets of this type are relatively temporary in nature. In accounting, working capital is the difference between the inflow and outflow of funds. In other words, it is the net cash flow. It is defined as the excess of current assets over current liabilities and provisions. There are two concepts of working capital, gross concept and net concept. Gross working capital simply called as working capital, refers to the firm’s investment in current assets. The net working capital is the difference between firm’s current assets and current liabilities. Current assets are those assets which can be converted into cash within an accounting year or operating cycle whichever is longer and current liabilities are all obligations that a firm will have to incur within an accounting year or operating cycle.

REVIEW OF LITERATURE

Bhabatosh Banerjee (1982) [1]in his study on "Corporate liquidity and profitability in India" has identified the relationship of liquidity with profitability by analyzing the trend of liquidity position of medium and large public limited companies in India covering the period 1971-78. His study reveals that the industrial groups belonging to publishing, ferrous and nonferrous products and shipping have a direct relationship between the liquidity and profitability and vice versa, but tobacco, silk and rayon textiles have an indirect relationship.

LathaArun Reddy (1983)[2] has conducted a study on "Profitability and growth- Indian Manufacturing Industries" with the main objective of examining the relationship between growth and profitability using regression models and compound growth rate. Her study covers a period of 24 years from 1950-52 to 1973-74. The author observes that the paper industry exhibits a strong positive correlation between growth and profitability.

Saleem and Ramiz Ur Rehman (2011)[3], "Impacts of liquidity ratios on profitability". The present study aims to reveal the relationship between liquidity and profitability so that every firm has to maintain this relationship while in conducting day to day operations. The results show that there is a significant impact of only liquid ratio on ROA while insignificant on ROE and ROI; the results also show that ROE is no significant effected by three ratios current ratio, quick ratio and liquid ratio while ROI is greatly affected by current ratios, quick ratios and liquid ratio. The main results of the study demonstrate that each ratio (variable) has a significant effect on the financial positions of enterprises with differing amounts and that along with the liquidity ratios in the first place. Profitability ratios also play an important role in the financial positions of enterprises. Every stakeholder has interest in the liquidity position of a company. Suppliers of goods will check the liquidity of the company before

[1]Bhabatosh Banerjee (1982) in his study on "Corporate liquidity and profitability in India" , Global journal for research analysis, vol-3, Pp no : 17-19.

[2]LathaArun Reddy (1983) has conducted a study on "Profitability and growth- Indian Manufacturing Industries" , Indian journal of applied research, Pp No 1-3.

[3] Saleem and Ramiz Ur Rehman (2011), "Impacts of liquidity ratios on profitability", Scholarly research journal for interdisciplinary studies, vol-II, Pp no 1666-1677.

selling goods on credit. Employees should also be concerned about the company's liquidity to know whether the company can meet its employee related obligations–salary, pension, provident fund, etc. Thus, a company needs to maintain adequate liquidity so that liquidity greatly affects profits of which some portion that will be divided to shareholders. Liquidity and profitability are closely related because one increases the other decreases.

Dr. A. Vijayakumar (2011)[4], "Management of Corporate Liquidity and Profitability". The primary aim of this paper is to investigate the relationship between Cash Conversion Cycle(Liquidity) and firms profitability. The analysis based on a sample of 20 Indian Automobile firms for the period 1996-2009. The results suggest that the managers can increase profitability of their firms by shortening the cash conversion cycle, accounts receivables period and inventory conversion period. The results suggest that managers can also increase the profitability of their firms by lengthening the accounts payables period. The study suggest an optimal cash conversion cycle as more accurate and comprehensive measures of liquidity analysis.

Puwanenthiren Pratheepkanth (2011)[5], "Capital Structure and Financial Performance: Evidence from Selected Business Companiesin Colombo Stock Exchange Sri Lanka".Capital structure is most significant discipline of company's operations. This researcher constitutes an attempt to identify the impact between Capital Structure and Companies Performance, taking into consideration the level of Companies Financial Performance. The analyze has been made the capital structure and its impact on Financial Performance capacity during 2005 to 2009 (05 years) financial year of Business companies in SriLanka. The results shown the relationship between the capital structure and financial performance is negative association at
-0.114. Co-efficient of determination is 0.013. Find t values are 0.366, -0.605 respectively. It is reflect the insignificant level of the Business Companies in Sri Lanka. Hence Business

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[4] Dr. A. Vijayakumar (2011), "Management of Corporate Liquidity and Profitability", International journal of commerce, business and management (IJCBM), Vol-3, PPNO 533- 542.

[5] Puwanenthiren Pratheepkanth (2011), "Capital Structure and Financial Performance: Evidence from Selected Business Companiesin Colombo Stock Exchange Sri Lanka", Journal of economics and finance, vol-3, Pp no 19-22.

companies mostly depend on the debt capital. Therefore, they have to pay interest expenses much.

Kittipat Laisasikorn and Nopadol Rompho (2011)[6], "A Study of the Relationship Between a Successful Enterprise Risk Management System, a Performance Measurement System and the Financial Performance of Thai Listed Companies". In this era of globalization, managers are constantly facing uncertainties. To meet all risks successfully, substantial investments have been made in setting up an enterprise risk management system (ERMS) and a performance measurement system (PMS) with the aim of ensuring sustainable growth. At the same time, it remains unclear whether the success of ERMS and PMS does truly enhance the financial performance of an organization. This research arose out of the desire to examine this relationship by collecting data from persons directly involved with these two systems. The results of the study indicate that success of the ERMS and PMS have a weak positive correlation with the financial performance of an organization as measured by return on assets (ROA), return on equity (ROE) and earnings per share (EPS). It does, however, prove to be essential that managers develop, improve and utilize both systems in order to gain a competitive advantage and sustain the growth of an organization.

Amalendu Bhunia and Sri Somnath Mukhuti (2011)[7], "Financial Performance Analysis of Indian public sector pharmaceutical enterprises". The present study aims to identify the financial strengths and weaknesses of the Indian public sector pharmaceutical enterprises by properly establishing relationships between the items of the balance sheet and profit and loss account. The study covers two public sector drug and pharmaceutical enterprises listed on BSE.The study has been undertaken for the period of twelve years from 1997-98 to 2008-09 and the necessary data have been obtained from CMIE database. The liquidity position was

[6] Kittipat Laisasikorn and Nopadol Rompho (2011), "A Study of the Relationship Between a Successful Enterprise Risk Management System, a Performance Measurement System and the Financial Performance of Thai Listed Companies", Indian journal of applied research, vol-4, Pp no 303-307.

[7]Amalendu Bhunia and Sri Somnath Mukhuti (2011), "Financial Performance Analysis of Indian public sector pharmaceutical enterprises", Exclusive journal publishing house, Pp no 1-12.

strong in case of both the selected companies thereby reflecting the ability of the companies to pay short-term obligations on due dates and they relied more on external funds in terms of long-term borrowings thereby providing a lower degree of protection to the creditors. Financial stability of both the selected companies has showed a downward trend and consequently the financial stability of selected pharmaceutical companies has been decreasing at an intense rate. The study exclusively depends on the public sectors published financial data and it does not compare with private sector pharmaceutical enterprises. This is a major limitation of the research. The study is of crucial importance to measure the firm's liquidity, solvency, profitability, stability and other indicators that the business is conducted in a rational and normal way; ensuring enough returns to the shareholders to maintain at least its market value. The study will help investors to identify the nature of Indian pharmaceutical industry and will also help to take decision regarding investment.

STATEMENT OF THE PROBLEM

Reliance Retail Limited, a subsidiary of Reliance Industries Limited, has rapidly expanded to become one of India's largest retail chains, operating across various segments including fashion, electronics, grocery, and online platforms. Despite its significant growth and market presence, the company faces several challenges that could hinder its continued success and operational efficiency.

Key issues include intense competition from both domestic and international retailers, the rapid shift in consumer behavior toward e-commerce, supply chain and inventory management inefficiencies, and the need for consistent customer experience across online and offline platforms. Additionally, maintaining profitability in a highly price-sensitive market while ensuring quality and innovation poses a continuous challenge.

This study seeks to explore the core challenges facing Reliance Retail Limited in sustaining its market leadership and delivering long-term value, particularly focusing on areas such as technological adaptation, customer retention, operational scalability, and strategic partnerships.

SCOPE OF THE STUDY

The study aims at assessing the profitability position and performance of the company for the period of five years 2019-20 to 2023-24, which is revealed from the annual reports. The working capital management of the company is done by using ratio analysis.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows.

- To analyze the working capital of Reliance Retail Limited for the period 2019–20 to 2023-24.
- To find out the relationship between working capital and liquidity position of the concern industry.
- To analyze the profitability of the company.
- To ascertain the earning level of the company.
- To suggest suitable measures for improving earnings and the financial position of the company.

RESEARCH METHODOLOGY

To achieve the above mentioned objectives of the study, the following methodology have been adopted. The research has been used Secondary data are those data which is already collected from Annual Reports, Journals etc and the Secondary data also made available through trade magazines, books, Internet etc. The aim of data collection is to gain familiarity and to achieve new insights into the working capital management of the Reliance Retail Limited . The research design that is adopted in this study is analytical design. Descriptive research is used to obtain information concerning the current status of the phenomena to describe, "what exists" with respect to variables or conditions in a situation. The period of the study covers from the period of January 2025 to March 2025.

LIMITATIONS OF THE STUDY

- The present study is only for a period of 5 years. The result of the study cannot be generalized.
- Data were collected from financial statements. The inherited limitations of financial statements cannot be avoided.
- Ratio analysis cherishes the limitation of financial accounting statements.

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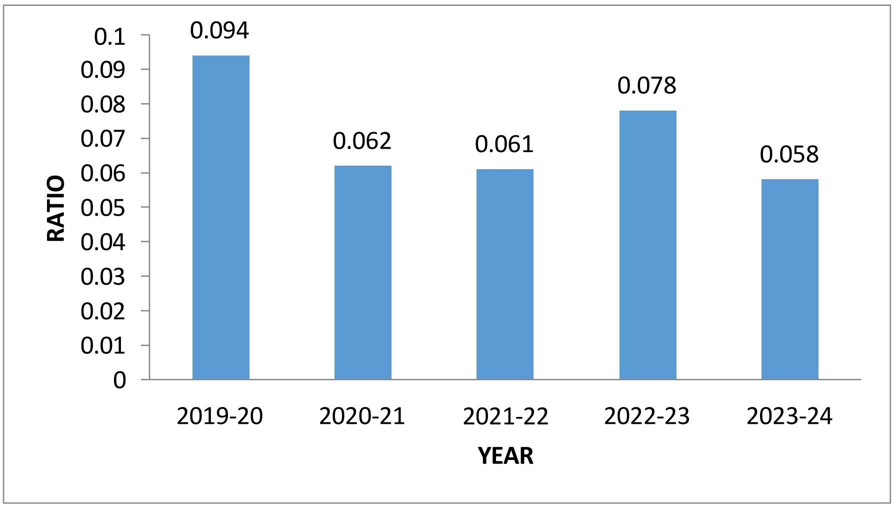
DATA ANALYSIS AND INTERPRETATION

TABLE: 4.1

CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITY	RATIO
2019-20	304.57	3213.52	0.094
2020-21	252.89	4055.18	0.062
2021-22	355.24	5759.03	0.061
2022-23	567.64	7205.42	0.078
2023-24	485.05	8268.03	0.058
		Mean	**0.07**
		SD	**0.02**
		CV	**21.57**

Source: Secondary data



INTERPRETATION

Current ratio is the ratio of current assets of a business to its current liabilities. It is the most widely used test of liquidity of a business and measures the ability of a business to repay its debts over the period of next 12 months.

Current ratio is calculated using the following formula:

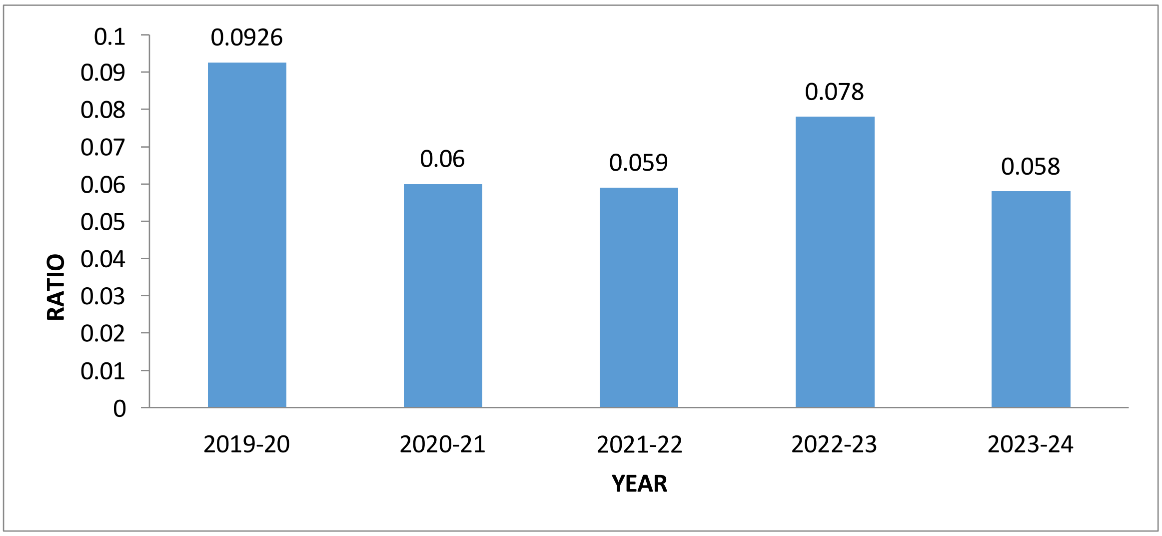
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

From the above table shows that current ration of the company. The current Ratio shows a fluctuating trend while the standard ratio is 2:1 during the study period. The ratio higher at 0.09 percentage during the year (2019-20) and lower the ratio as 0.05 percentages during the year (2023-24). Hence current ratio is not satisfactory.

TABLE: 4.2 ABSOLUTE LIQUID RATIO

YEAR	ABSOLUTE LIQUID ASSETS	CURRENT LIABILITY	RATIO
2019-20	297.62	3213.52	0.0926
2020-21	245.21	4055.18	0.060
2021-22	345.43	5759.03	0.059
2022-23	567.64	7205.42	0.078
2023-24	485.05	8268.03	0.058
		Mean	**0.07**
		SD	**0.02**
		CV	**22.03**

Source: Secondary data



INTERPRETATION

Absolute liquidity is represented by cash and near cash items. It is a ratio of absolute liquid assets to current liabilities. In the computation of this ratio only the absolute liquid assets are compared with the liquid liabilities. The absolute liquid assets are cash, bank and marketable securities. It is to be observed that receivables (debtors/accounts receivables and bills receivables) are eliminated from the list of liquid assets in order to obtain absolute for liquid assets since there may be some doubt in their liquidity.

Absolute liquid assets Absolute liquid Ratio = ----------------------------
Current liabilities

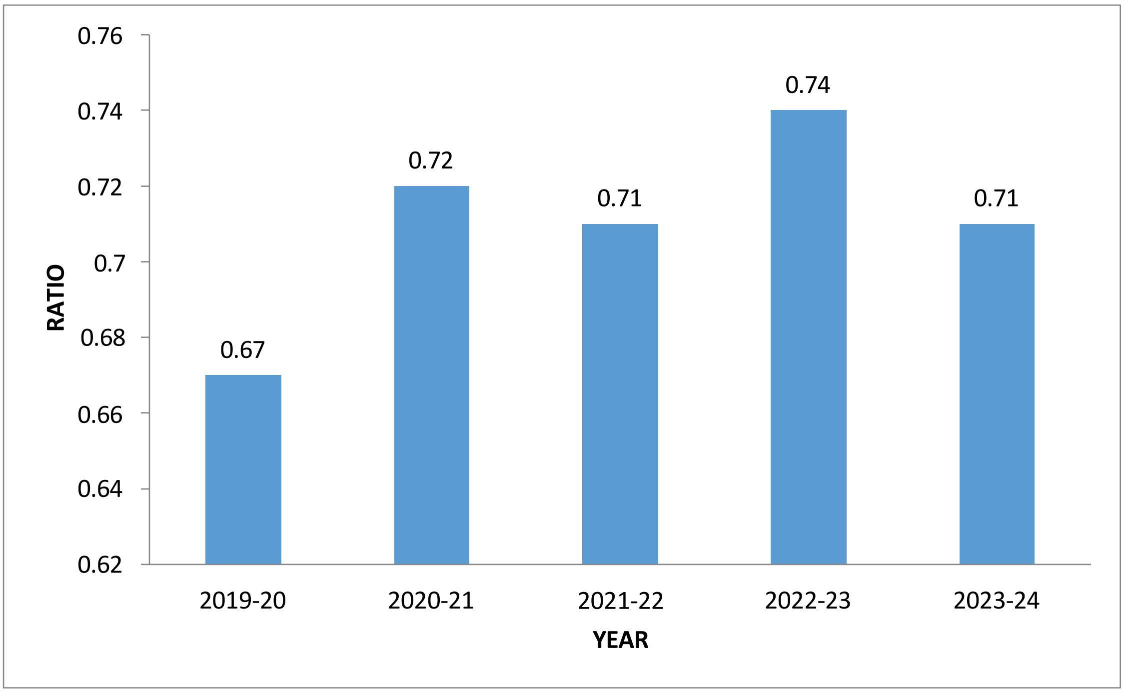
The absolute liquid ratio shows a fluctuating. Position during the study period the ratio higher at 0.09 percentages during the year (2019-20) and lowest the ratio as 0.058 percentages during the year (2023-24) so this ratio indicates favorable position.

TABLE: 4.3

WORKING CAPITAL

YEAR	COST OF SALES	NETWORKING CAPITAL	RATIO
2019-20	1964.35	2908.95	0.67
2020-21	2767.70	3802.29	0.72
2021-22	3856.72	5403.79	0.71
2022-23	4921.63	6637.78	0.74
2023-24	5536.06	7782.98	0.71
		Mean	**0.71**
		SD	**0.03**
		CV	**3.59**

Source: Secondary data



INTERPRETATION

Working capital turnover ratio indicates the velocity of the utilization of net working capital. This ratio indicates the number of times the working capital is turned over in the course of a year. This ratio measures the efficiency with which the working capital is being used by a firm.

Cost of Goods Sold Working Capital Turnover Ratio = ----------------------------------

Net Working Capital

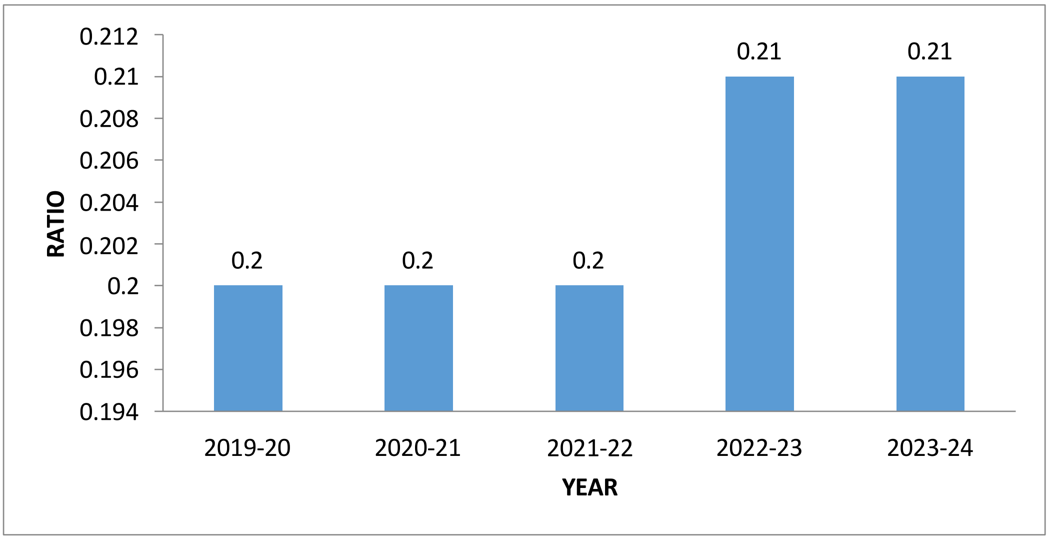
The above table shows that there is fluctuating in working capital position in the year 2019-20 the ratio is 0.67 and it increase to 0.72 in the year 2020-21. Then in the year 2021-22 the ratio again decreased to 0.71. Hence the company can well meet its working capital requirements.

TABLE: 4.4

TOTAL ASSETS TURNOVER RATIO

YEAR	NET SALES	TOTAL ASSETS	RATIO
2019-20	1964.35	9660.66	0.20
2020-21	2767.70	13690.89	0.20
2021-22	3856.72	18771.15	0.20
2022-23	4921.63	23241.69	0.21
2023-24	5536.06	25327.54	0.21
		Mean	**0.21**
		SD	**0.01**
		CV	**2.61**

Source: Secondary data



INTERPRETATION

The total asset turnover ratio calculates net sales as a percentage of assets to show how many sales are generated from each dollar of company assets. For instance, a ratio of .5 means that each dollar of assets generates 50 cents of sales.

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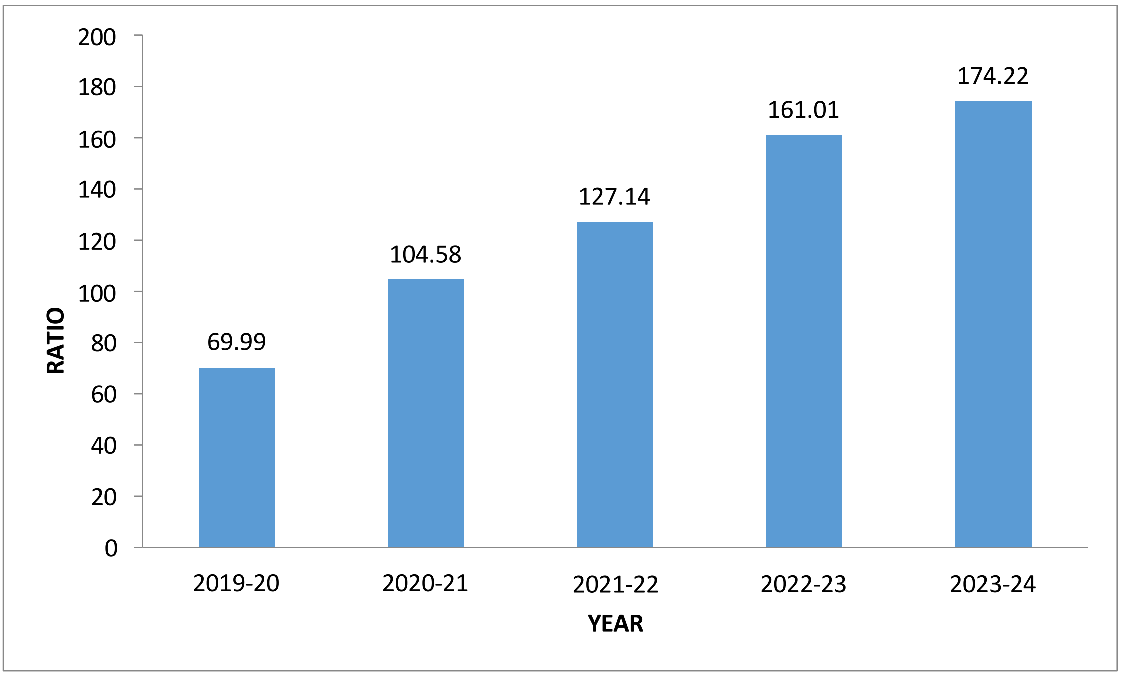
Total Asset Turnover = Sales or Revenues/Total Assets

The above table shows that the total assets turnover ratio is constant position in the first three year 2019-20, 2020-21 and 2021-22 the ratio is 0.20, and it total assets turnover ratio is increasing last two year in the year 2022-23 to 2023-24 the ratio is 0.21. Hence the compare is maintain the total assets turnover position is very good.

TABLE: 4.5 DEBT EQUITY RATIO

YEAR	LONG TERM DEPT	SHARE HOLDER FUND	RATIO
2019-20	7170.57	102.45	69.99
2020-21	10739.88	102.69	104.58
2021-22	14316.57	112.60	127.14
2022-23	18147.47	112.71	161.01
2023-24	19658.13	112.83	174.22
		Mean	**127.388**
		SD	**42.24**
		CV	**33.16**

Source: Secondary data



INTERPRETATION

Debt/Equity Ratio is a debt ratio used to measure a company's financial leverage, calculated by dividing a company's total liabilities by its stockholders' equity. The D/E ratio indicates how much debt a company is using to finance its assets relative to the amount of value represented in shareholders' equity.

The formula for calculating D/E ratios can be represented in the following way: Debt - Equity Ratio =

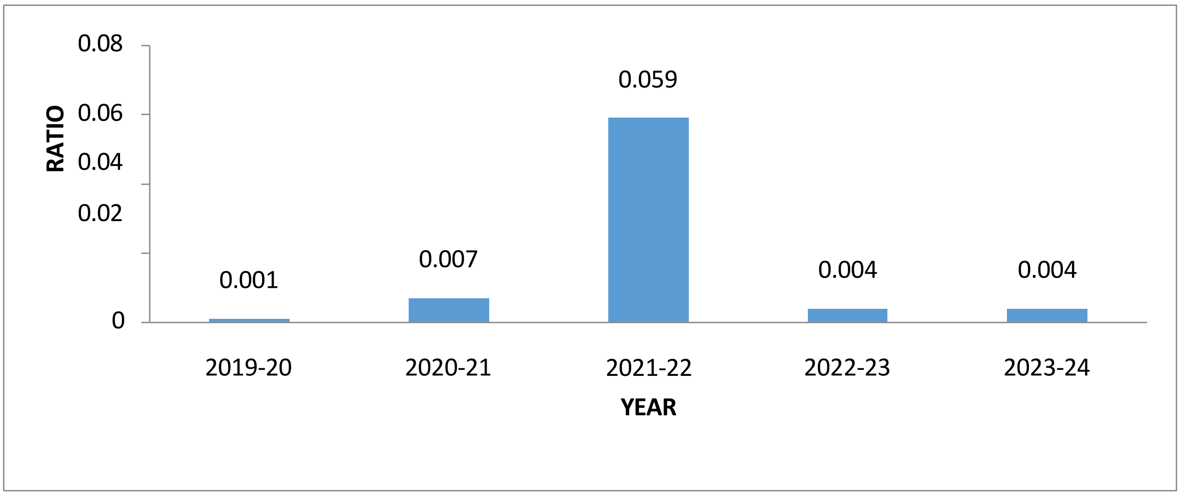
Long term dept / Shareholders' fund

From the above table dept equity ratio is in increasing trend. The ratio increased from
0.69 to 17 during the financial year 2019-20 to 2023-24. A high ratio is unfavorable to the company because of high rate of interest is paid to the out sides.

TABLE: 4.6 PROPRIETARY RATIO

YEAR	SHARE HOLDER FUND	TOTAL ASSETS	RATIO
2019-20	102.45	9660.66	0.001
2020-21	102.69	13690.87	0.007
2021-22	112.60	1877.15	0.059
2022-23	112.71	23247.69	0.004
2023-24	112.83	25327.54	0.004
		Mean	**0.017**
		SD	**0.02**
		CV	**141.20**

Source: Secondary data



INTERPRETATION

This is a variant of the debt-to-equity ratio. It is also known as equity ratio or net worth to total assets ratio. This ratio relates the shareholder's funds to total assets. Total assets include all assets including goodwill (excluding fictitious assets). The acceptable norm of the ratio is 1:3. It is calculated by dividing shareholder's funds by the total assets. Proprietary / Equity ratio indicates the long-term or future solvency position of the business.

Shareholders Funds Proprietary or Equity Ratio = ----------------------------

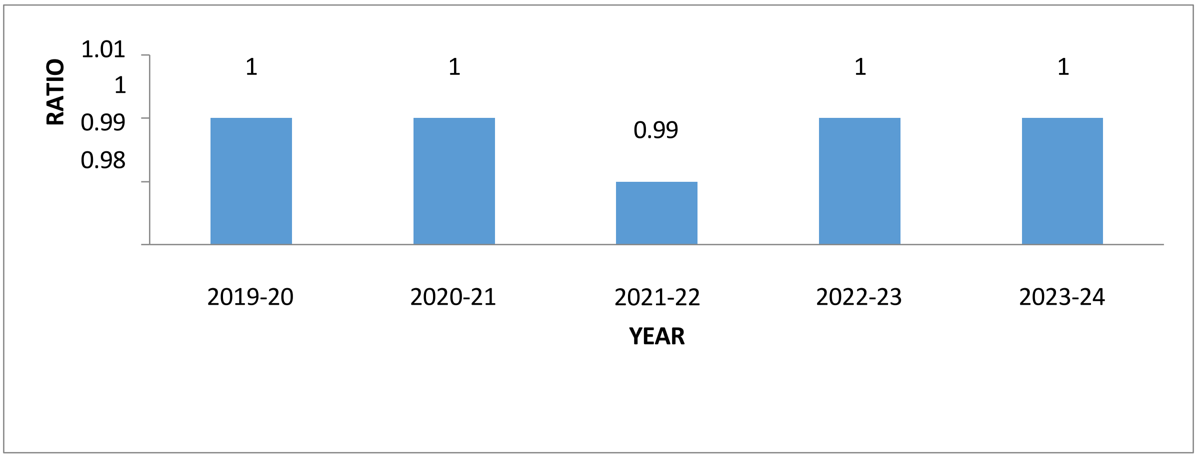
Total Assets

From the above table propertory ratio is fluctuating position in the year 2019-20 the ratio is 0.001 and it increase to 0.007 in the year 2020-21 and again. Average is 0.017. So, the ratio is faourable to the company

TABLE: 4.7 SOLVENCY RATIO

YEAR	TOTAL LIABILITY	TOTAL ASSSETS	RATIO
2019-20	9660.66	9660.66	1
2020-21	13690.89	13690.87	1.00
2021-22	18771.14	18771.15	0.99
2022-23	23271.69	23241.64	1
2023-24	25327.54	25327.54	1
		Mean	**1.00**
		SD	**0.004**
		CV	**0.45**

Source: Secondary data



INTERPRETATION

A key metric used to measure an enterprise's ability to meet its debt and other obligations. The solvency ratio indicates whether a company's cash flow is sufficient to meet its short-term and long-term liabilities. The lower a company's solvency ratio, the greater the probability that it will default on its debt obligations.The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{Total Liability}}{\text{Total Assets}}$$

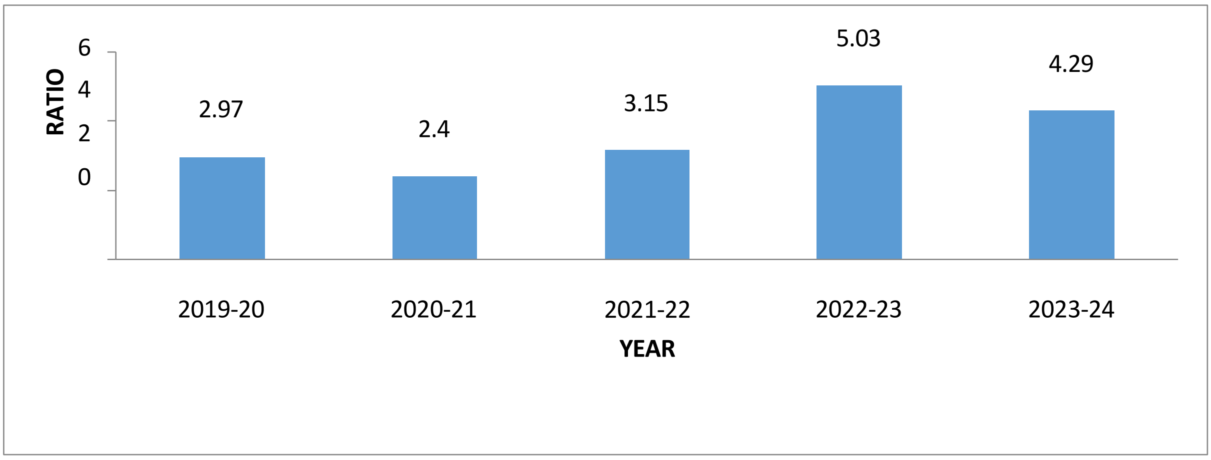
From the above table. The solvency ratio is constant position in all the financial year from 2019-20 to 2023-24. The ratio is 1. The ratio is faourable to the company

TABLE: 4.8

CURRENT ASSETS TO PROPRIETARY FUND RATIO

YEAR	CURRENT ASSETS	SHAREHOLDERS FUND	RATIO
2019-20	304.57	102.45	2.97
2020-21	252.89	102.69	2.4
2021-22	355.24	112.60	3.15
2022-23	567.64	112.71	5.03
2023-24	485.05	112.83	4.29
		Mean	**3.57**
		SD	**1.07**
		CV	**29.91**

Source: Secondary data



INTERPRETATION

Current Assets to Proprietors' Fund Ratio establishes the relationship between current assets and shareholder's funds. The purpose of this ratio is to calculate the percentage of shareholders funds invested in current assets**.**

Current Assets to Proprietors Funds = Current Assets / Shareholders Funds

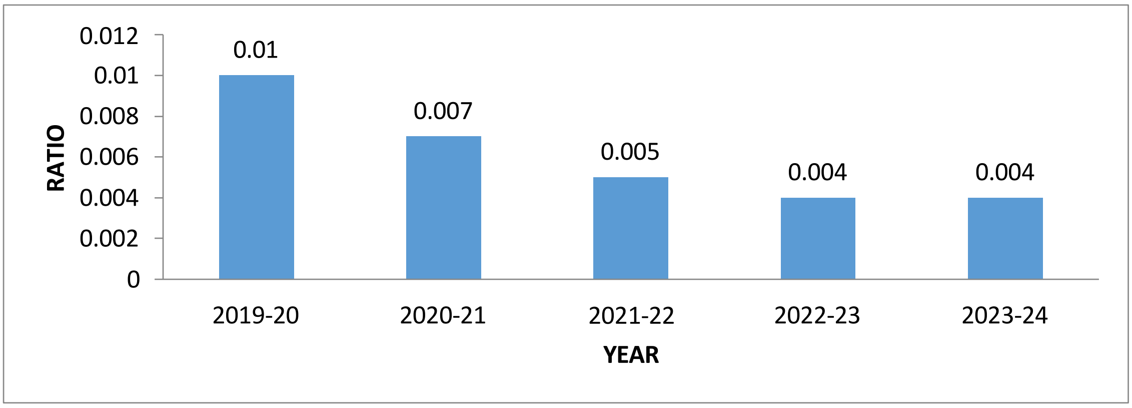
The Current assets to proprietary fund shows a fluctuating. is in the year 2019-20 to 2020-21 the ratio is 297 and 246 the next two years increased position trend in the year 2021- 22 and last year financial position is again decreasing position in the year 2023-24 the ratio is 4.29.

TABLE: 4.9

TOTAL ASSETS TO NETWORTH RATIO

YEAR	SHARE HOLDER FUND	TOTAL ASSSETS	RATIO
2019-20	102.45	9660.66	0.01
2020-21	102.69	13690.87	0.007
2021-22	112.60	18771.15	0.005
2022-23	112.71	23241.64	0.004
2023-24	112.83	25327.54	0.004
		Mean	**0.006**
		SD	**0.003**
		CV	**42.49**

Source: Secondary data



INTERPRETATION

The net worth ratio states the return that shareholders could receive on their investment in a company, if all of the profit earned were to be passed through directly to them. Thus, the ratio is developed from the perspective of the shareholder, not the company, and is used to analyze investor returns.

To calculate the return on net worth, first compile the net profit generated by the company. The profit figure used should have all financing costs and taxes deducted from it, so that it accurately reflects the profit available to shareholders. This is the numerator in the formula. Next, add together the capital contributions made by shareholders, as well as all retained earnings; this is the denominator in the formula. The final formula is:

Total Asset to Networth Ratio = Share Holders Funds / Total Assets

The total assets to net worth ratio show a fluctuating position during the study period the ratio higher at 0.01 percentage during the year (2019-20) and lower the ratio as 0.004 percentage during the year (2022-23). The average total assets to net worth ratio 0.006 so it shows that Reliance Retail Limited financial have a satisfactory in total assets to net worth ratio.

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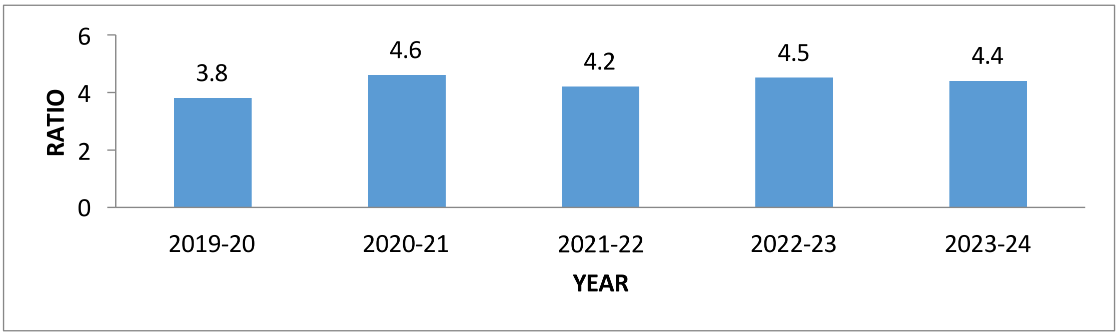
TABLE: 4.10

TOTAL LIABILTY TO NETWORTH RATIO

YEAR	TOTAL LIABILITY	NET WORTH	RATIO
2019-20	9660.66	2490.89	3.8
2020-21	13690.89	2951.01	4.6
2021-22	18771.14	4454.57	4.2
2022-23	23271.69	5094.22	4.5
2023-24	25327.54	5669.41	4.4
		Mean	**4.3**
		SD	**0.32**
		CV	**7.35**

Source: Secondary data



INTERPRETATION

A measure of the extent that the net worth of the enterprise can offset the liabilities (Total Liabilities / Liabilities + Equity). A ratio greater than 1.0 should be avoided, since it indicates the creditor's have a greater stake in the business than the owners.The final formula is:

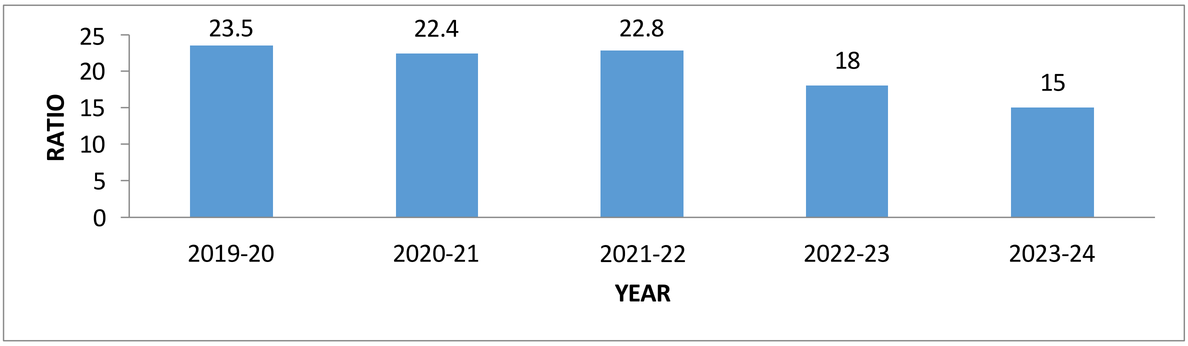
Total Liability to Networth Ratio = Total Liability / Net worth

The total liability to net worth ratio show as fluctuating position during the study period. The ratio higher at 4.6 percentage during the year (2020-21) and lower the ratio as 3.8 percentages during the year (2019-20) the average total liability to net worth ratio 4.3 so it show that Reliance Retail Limited have a satisfactory in total liability to net worth ratio.

TABLE: 4.11 NET PROFIT RATIO

YEAR	NET PROFIT	NET SALES	RATIO
2019-20	463.11	1964.35	23.5
2020-21	620.12	2767.70	22.4
2021-22	882.69	3856.72	22.8
2022-23	887.23	4921.63	18.0
2023-24	831.78	5536.06	15.0
		Mean	**20.34**
		SD	**3.68**
		CV	**18.11**

Source: Secondary data



INTERPRETATION

Net profit ratio (NP ratio) is a popular profitability ratio that shows relationship between net profit after tax and net sales. It is computed by dividing the net profit (after tax) by net sales.

Net profit is not an indicator of cash flows, since net profit incorporates a number of non-cash expenses, such as accrued expenses, amortization, and depreciation.

The formula for the net profit ratio is to divide net profit by net sales, and then multiply by 100. The formula is:

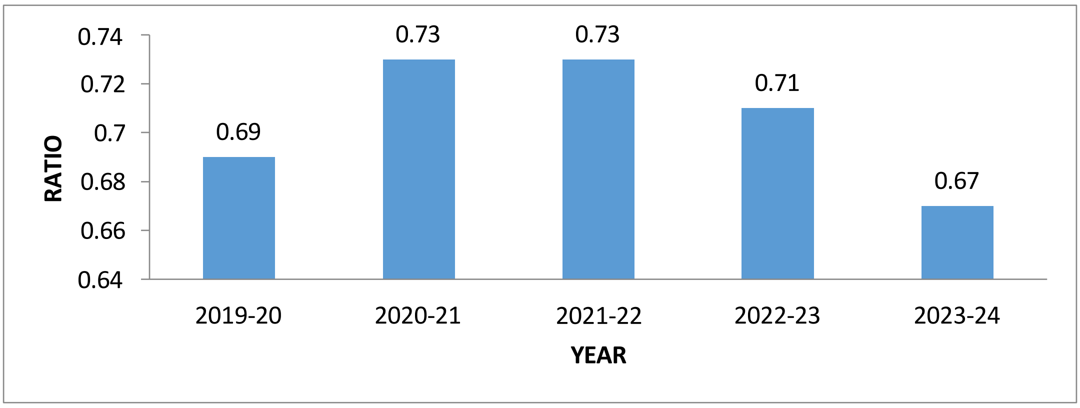
(Net profit / Net sales) x 100

The net profit ratio shows a fluctuating position during the study period the ratio higher at 23.5% percentage during the year (2019-20) and lower the ratio as 15.0 percentages during the year (2023-24). The average net profit ratio is 20.34% so it shows that Reliance Retail Limited have a satisfactory in net profit ratio.

TABLE: 4.12 OPERATING PROFIT RATIO

YEAR	OPERATING PROFIT	NET SALES	RATIO
2019-20	1365.29	1964.35	0.69
2020-21	2038.25	2767.70	0.73
2021-22	2853.65	3856.72	0.73
2022-23	3526.71	4921.63	0.71
2023-24	3743.25	5536.06	0.67
		Mean	**0.70**
		SD	**0.03**
		CV	**3.69**

Source: Secondary data



INTERPRETATION

The operating profit per share ratio indicates how much profit a company makes after paying for variable costs of production such as wages, raw materials, etc. It is expressed as a percentage of sales and shows the efficiency of a company controlling the costs and expenses associated with business operations. Phrased more simply, it is the return achieved from standard operations and does not include unique or one time transactions. Terms used to describe operating profit margin ratios this include operating margin, operating income margin, operating profit margin or return on sales (ROS).

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 09 Issue: 04 | April - 2025 SJIF Rating: 8.586 ISSN: 2582-3930

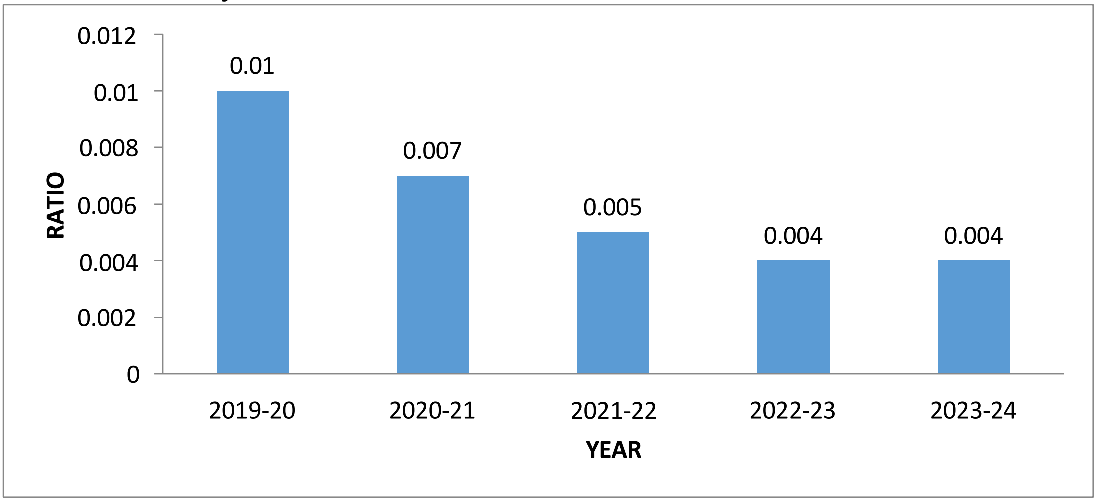
The operating profit Per Share ratio formula is calculated simply using: Operating profit ratio= Operating Profit/ Net Sales * 100

The operating profit ratio shows a flucting position during the study period. The ratio higher at 0.73 percentage during the year (2018-20) and lower the ratio as 0.67 percentages during the year (2023-24) the average total liability to net worth ratio 0.70 so it show that Reliance Retail Limited have a satisfactory in total liability to net worth ratio.

TABLE: 4.13 EQUITY RATIO

YEAR	SHARE HOLDER FUND	TOTAL ASSSETS	RATIO
2019-20	102.45	9660.66	0.01
2020-21	102.69	13690.87	0.007
2021-22	112.60	18771.15	0.005
2022-23	112.71	23241.64	0.004
2023-24	112.83	25327.54	0.004
		Mean	**0.006**
		SD	**0.003**
		CV	**42.49**

Source: Secondary data



INTERPRETATION

Financial formula which indicates the proportion of owner capital, such as direct owner investments or shareholders, used to fund a company's assets. The equity ratio excludes any debt financing used by a company to raise funds.

Share Holder Funds Total Assets

Equity Ratio = ---------------------------------------

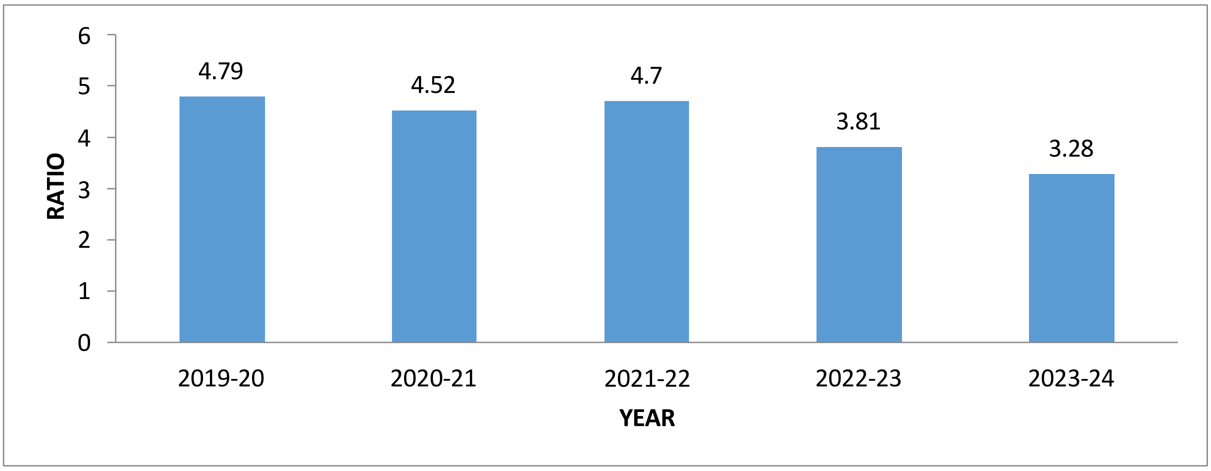
The Equity ratio shows a flucting position during the study period. The ratio higher at 0.01 percentage during the year (2019-20) and lower the ratio as percentages during the year (2023-24) the average total liability to net worth ratio 0.006. Since the ratio is faourable to the company.

TABLE: 4.14 RETURN ON TOTAL ASSETS

YEAR	NET PROFIT	TOTAL ASSSETS	RATIO
2019-20	463.11	9660.66	4.79
2020-21	620.12	13690.87	4.52
2021-22	882.69	18771.15	4.70
2022-23	887.23	23241.64	3.81
2023-24	831.78	25327.541	3.28
		Mean	**4.22**
		SD	**0.65**
		CV	**15.43**

Source: Secondary data

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 09 Issue: 04 | April - 2025 SJIF Rating: 8.586 ISSN: 2582-3930



INTERPRETATION

Profitability can be measured in terms of relationship between net profit and total assets. This ratio is also known as return on gross capital employed. It measures the profitability can be known by applying this ratio. The term “Net profit” stands for “Net profit before interest and tax and dividend”.

Net Profit

Return on Total Asset Ratio = --- 100

Total Assets

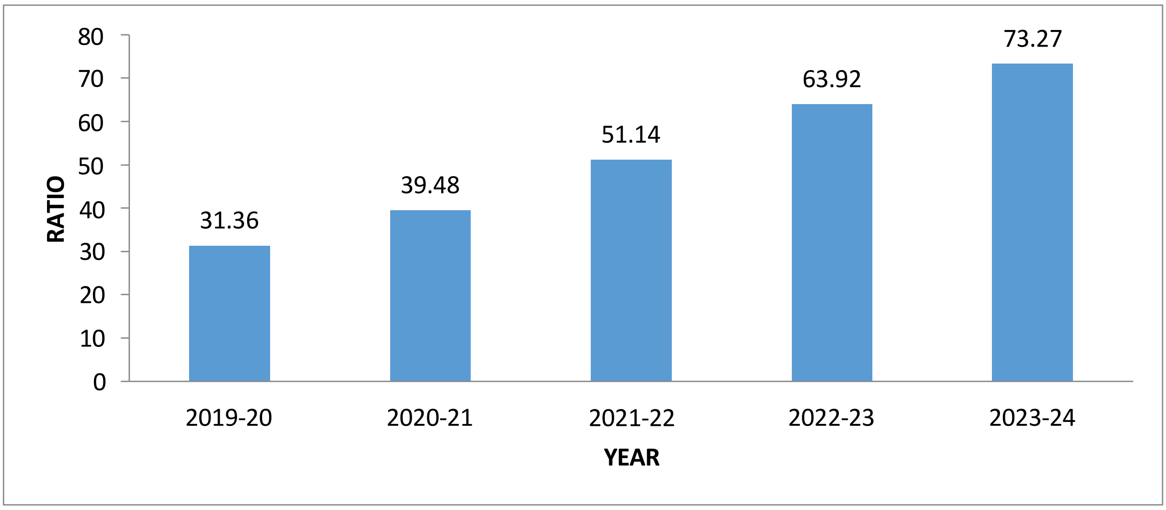
From the above table shows that the return on total asset ratio during the study period from 2019-20 to 2023-24. The return on total asset is due to the introduction of new technology to the business and purchase of new spare parts for the technological Upgradation. During the year 2019-20 the ratio is 4.79 and the ratio is decreased to 3.28 in the year 2023-24.Return on total assets ratio of the company is not satisfactory. The company will meet all the expenses for the present and future prospects.

TABLE: 4.15

CURRENT LIABILITY TO PROPRIETORS RATIO

YEAR	CURRENT LIABILITY	SHARE HOLDER FUND	RATIO
2019-20	3213.52	102.45	31.36
2020-21	4055.18	102.69	39.48
2021-22	5759.03	112.60	51.14
2022-23	7205.42	112.71	63.92
2023-24	8268.03	112.83	73.27
		Mean	**51.834**
		SD	**17.16**
		CV	**33.11**

Source: Secondary data



INTERPRETATION

In accounting, the term liquidity is defined as the ability of a company to meet its financial obligations as they come due. The liquidity ratio, then, is a computation that is used to measure a company's ability to pay its short-term debts. There are three common calculations that fall under the category of liquidity ratios. The current ratio is the most liberal of the three. It is followed by the acid ratio, and the cash ratio. These three ratios are often grouped together by financial analysts when attempting to accurately measure the liquidity of a company.

Current Liability Current Liability to Proprietors Ratio = ----------------------------

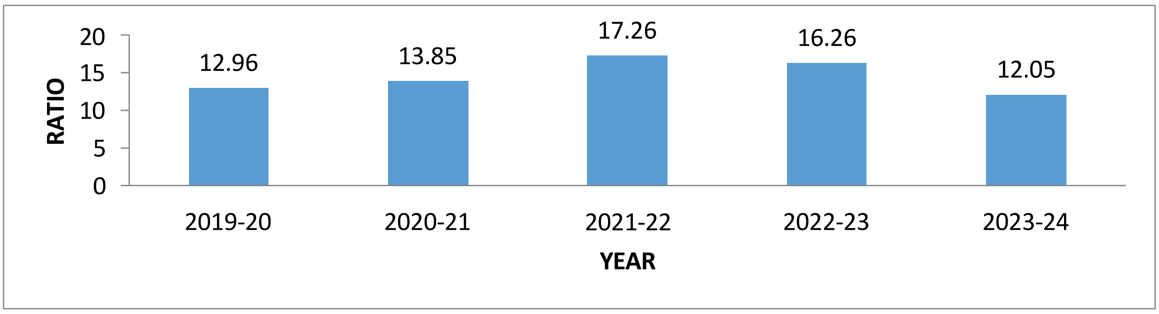
Share Holder fund

From the above table net profit ratio is in increasing trend. The study period the ratio higher at 31.36% percentage during the year (2019-20) and lower the ratio as 73.27 percentages during the year (2023-24). The average net profit ratio is 51.834% so it shows that Reliance Retail Limited have a satisfactory in current liability to Proprietors ratio.

TABLE: 4.16 CAPITAL TURNOVER RATIO

YEAR	SALES	CAPITAL (OR) COST EMPLOYED	RATIO
2019-20	1964.35	151.50	12.96
2020-21	2767.70	199.77	13.85
2021-22	3856.72	223.40	17.26
2022-23	4921.63	297.33	16.26
2023-24	5536.06	459.08	12.05
		Mean	**14.534**
		SD	**2.21**
		CV	**15.26**

Source: Secondary data



INTERPRETATION

Working capital turnover ratio indicates the velocity of the utilization of net working capital. This ratio indicates the number of times the working capital is turned over in the course of a year. This ratio measures the efficiency with which the working capital is being used by a firm.

$$\text{Capital Turnover Ratio} = \frac{\text{Sales}}{\text{Capital Employed}}$$

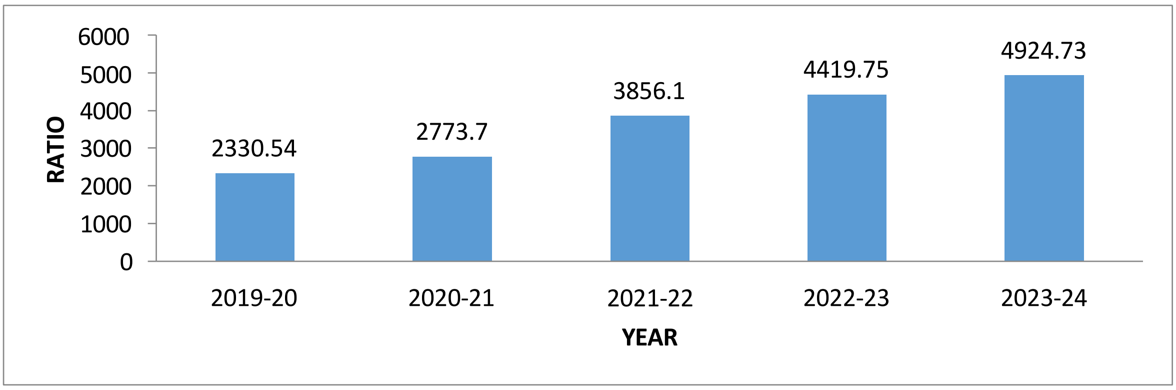
The capital turnover ratio of the company shows a flucting position during the study period. The ratio is increased from 17.26 in 2021-22 to 12.96 in 2019-20 expect in the years 2019-20. These variations are caused by the factors of the changes in the working capital. The capital turnover ratio of the company is satisfactory. The company has enough working capital to run the day – to – day activities of the company and to earn higher amount of profit.

TABLE: 4.17

RESERVES TO EQUITY CAPITAL RATIO

YEAR	RESERVES	EQUITY SHARE CAPITAL	RATIO
2019-20	2387.64	102.45	2330.54
2020-21	2848.32	102.69	2773.70
2021-22	4341.91	112.60	3856.10
2022-23	4981.51	112.71	4419.75
2023-24	5556.58	112.83	4924.73
		Mean	**3660.96**
		SD	**1091.81**
		CV	**29.82**

Source: Secondary data



INTERPRETATION

A computation that indicates the financial strength of a company. The ratio is equal to the fixed assets of a company divided by its equity capital. Equity capital is the amount of money invested in a company by its shareholders.

$$\text{Reserves to Equity Capital Ratio} = \frac{\text{Reserves}}{\text{Equity Share Capital}} 100$$

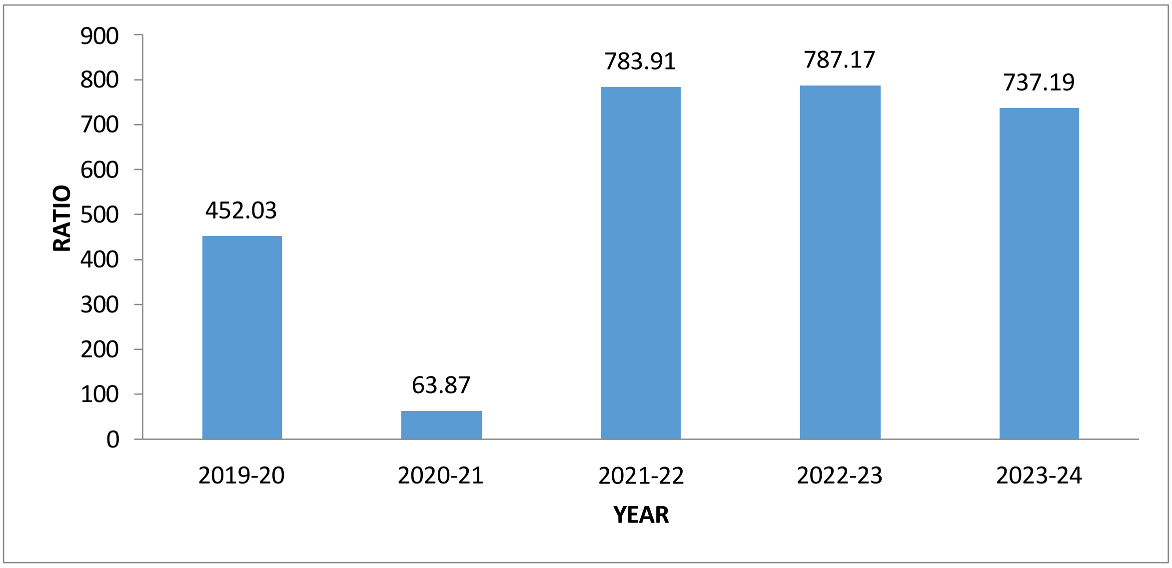
The Reserves to Equity ratio shows a flucting position during the study period. The ratio higher at 2330.54 percentage during the year (2019-20) and lower the ratio as percentages during the year (2023-24) the average total liability to net worth ratio 3660.96. Since the ratio is faourable to the company.

TABLE: 4.18

RETURN ON SHARE HOLDER INVESMENT RATIO

YEAR	NET PROFIT	SHARE HOLDER FUND	RATIO
2019-20	463.11	102.45	452.03
2020-21	620.12	102.69	63.87
2021-22	882.69	112.60	783.91
2022-23	887.23	112.71	787.17
2023-24	831.78	112.83	737.19
		Mean	**564.83**
		SD	**312.58**
		CV	**55.34**

Source: Secondary data



INTERPRETATION

It is the ratio of net profit to shareholder's investment. It is the relationship between net profit (after interest and tax) and shareholder's / proprietor's fund. This ratio establishes the profitability from the shareholder's point of view. The ratio is generally calculated in percentage.

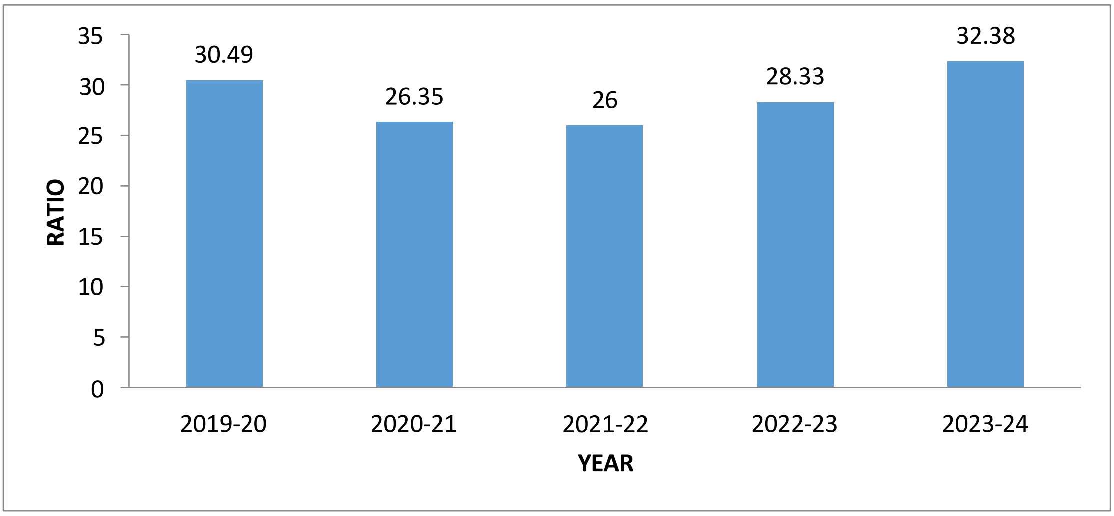
$$\text{Return on Shareholders Investment} = \frac{\text{Net Profit (after interest and tax)}}{\text{Shareholder's Funds}} \text{ 100}$$

The above table clearly shows the return on shareholder funds ratio during the study period from 2019-20 to 2023-24. The ratio shows higher return on shareholders funds in all the year except 2022-23. The return on shareholder's funds ratio is satisfactory.

TABLE: 4.19 EXPENSE RATIO

YEAR	EXPENSES	NET SALES	RATIO
2019-20	599.06	1964.35	30.49
2020-21	729.45	2767.70	26.35
2021-22	1003.07	3856.72	26.00
2022-23	1394.72	4921.63	28.33
2023-24	1792.81	5536.06	32.38
		Mean	**28.71**
		SD	**2.72**
		CV	**9.49**

Source: Secondary data



INTERPRETATION

Operating expenses can greatly impact the profitability of a business and how much cash it has. Operating expenses are the costs a company incurs that are not related to the production of a product. These expenses include items like payroll, rent, office supplies, utilities, marketing, insurance and taxes. Operating expenses are essentially the costs to keep the business running. The more the operating expenses are, the less cash the business keeps. Because operating expenses can be a substantial drain on company resources, controlling operating expenses is an important aspect of managing a financially healthy business.

Particular Expense

Expense Ratio =---100

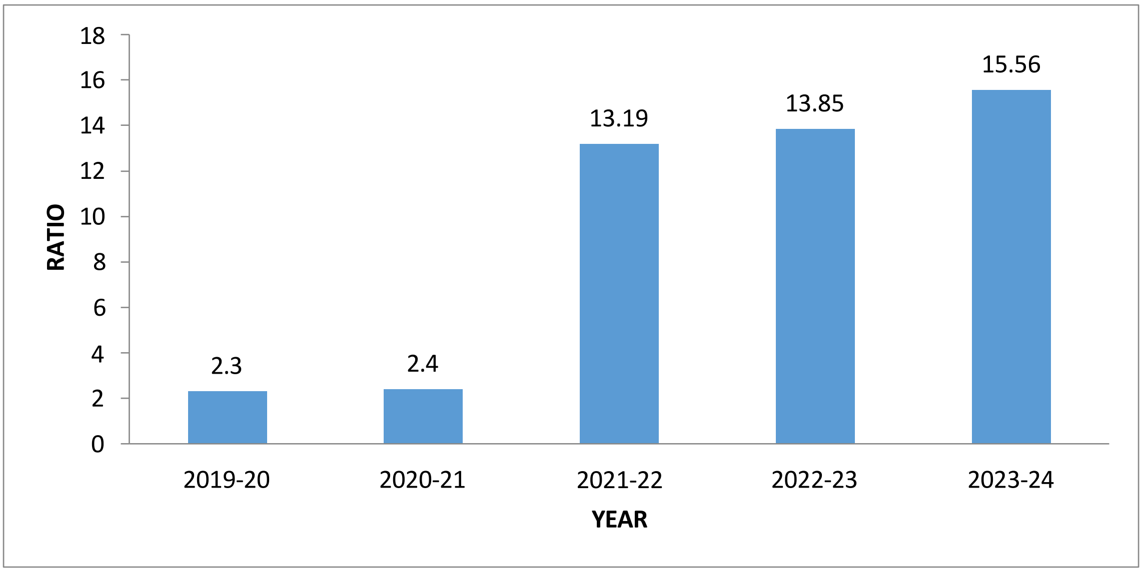
Net Sales

The Expense ratio shows a flucting position during the study period. The ratio higher at 32.38 percentage during the year (2023-24) and lower the ratio as 26.00 percentages during the year (2021-22) the average expense ratio 28.71. so it show that Reliance Retail Limited have a satisfactory in total liability to expense ratio.

TABLE: 4.20 DIVIDEND PAYOUT RATIO

YEAR	DIVIDEND	EARNING	RATIO
2019-20	104.00	44.53	2.3
2020-21	145.60	59.63	2.4
2021-22	204.76	15.52	13.19
2022-23	216.13	15.60	13.85
2023-24	227.51	14.62	15.56
		Mean	**9.46**
		SD	**6.55**
		CV	**69.22**

Source: Secondary data



INTERPRETATION

Dividend payout ratio is the fraction of net income a firm pays to its stockholders in dividends: The part of the earnings not paid to investors is left for investment to provide for future earnings growth.

$$\text{Dividend payout ratio} = \frac{\text{Dividend}}{\text{Earning}} \; 100$$

The above table Dividend payout ratio shows that there is increasing in working capital position in the year 2019-20 the ratio is 2.3 and it increase to 15.56 in the year 2023-24. Then in the year 2023-24 the ratio again decreased to 15.56. Hence the company can well meet its working capital requirements.

FINDINGS

- The current Ratio shows a fluctuating trend while the standard ratio is 2:1 during the study period.
- The absolute liquid ratio shows a fluctuating. Position during the study period the ratio higher at 0.09 percentages during the year (2019-20) and lowest the ratio as 0.058 percentages during the year (2023-24) so this ratio indicates favorable position. Working capital position in the year 2019-20 the ratio is 0.67 and it increase to 0.72 in the year 2020-21. Then in the year 2021-22 the ratio again decreased to 0.71.

- The total assets turnover ratio is constant position in the first three year 2019-20, 2020-21 and 2021-22 the ratio is 0.20, and it total assets turnover ratio is increasing last two year in the year 2022-23 to 2023-24 the ratio is 0.21.
- Dept equity ratio is in increasing trend. The ratio increased from 0.69 to 17 during the financial year 2019-20 to 2023-24.
- Propertory ratio is fluctuating position in the year 2019-20 the ratio is 0.001 and it increase to 0.007 in the year 2020-21 and again. Since the ratio is faourable to the company.
- The solvency ratio is constant position in all the financial year from 2019-20 to 2023-24. The ratio is 1. Since the ratio is faourable to the company.
- The Current assets to proprietary fund shows a fluctuating. is in the year 2011-11 to 2020-21 the ratio is 297 and 246the next two years increased position trend in the year 2021-22 and last year financial position is again decreasing position in the year 2023- 24 the ratio is 4.29.
- The total assets to net worth ratio show a fluctuating position during the study period the ratio higher at 0.01 percentage during the year (2019-20) and lower the ratio as 0.004 percentage during the year (2022-23).
- The total liability to net worth ratio show as fluctuating position during the study period. The ratio higher at 4.6 percentage during the year (2020-21) and lower the ratio as 3.8 percentages during the year (2019-20) the average total liability to net worth ratio 4.3 so it show that Reliance Retail Limited have a satisfactory in total liability to net worth ratio.
- The net profit ratio shows a fluctuating position during the study period the ratio higher at 23.5% percentage during the year (2019-20) and lower the ratio as 15.0 percentages during the year (2023-24).
- The operating profit ratio shows a flucting position during the study period. The ratio higher at 0.73 percentage during the year (2019-20) and lower the ratio as 0.67 percentages during the year (2023-24) the average total liability to net worth ratio 0.70
- The Equity ratio shows a flucting position during the study period. The ratio higher at 0.01 percentage during the year (2019-20) and lower the ratio as percentages during the year (2023-24) the average total liability to net worth ratio 0.006.

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 09 Issue: 04 | April - 2025 SJIF Rating: 8.586 ISSN: 2582-3930

- The return on total asset is due to the introduction of new technology to the business and purchase of new spare parts for the technological Up gradation. During the year 2019-20 the ratio is 4.79 and the ratio is decreased to 3.28 in the year 2023-24.
- The study period the ratio higher at 31.36% percentage during the year (2019-20) and lower the ratio as 73.27 percentages during the year (2023-24). The average net profit ratio is 51.834%
- The capital turnover ratio of the company shows a flucting position during the study period. The ratio is increased from 17.26 in 2021-22 to 12.96 in 2019-20 expect in the years 2019-20.
- The Reserves to Equity ratio shows a flucting position during the study period. The ratio higher at 2330.54 percentage during the year (2019-20) and lower the ratio as percentages during the year (2023-24) the average total liability to net worth ratio 3660.96.
- The return on shareholder funds ratio during the study period from 2019-20 to 2023- 24.
- The ratio higher at 32.38 percentage during the year (2023-24) and lower the ratio as 26.00 percentages during the year (2021-22) the average expense ratio 28.71.

Dividend payout ratio shows that there is increasing in working capital position in the year 2019-20 the ratio is 2.3 and it increase to 15.56 in the year 2023-24.

SUGGESTIONS

- Working capital of the company has increasing every year. Profit also increasing every year this is good sign for the company. has to maintain further, to run the business long term.
- The company has sufficient working capital and has better liquidity position. By efficient utilizing this short-term capital, then should increase the turnover.
- The company can maintain the proportion of current assets and current liability which helps to improve better working capital management.
- The company should take precautionary measures for investing and collecting funds from receivables and to reduce the bad debts.
- The company may be use a just-in-time approach in managing raw material which makes cash available for other operations.

The company needs to concentrate more on the payment and collect of debts from the debtors and creditors.

CONCLUSION

The study conducted on Working capital management of "Reliance Retail Limited" gives a view of analysis evaluation of liquidity position of the company. Based on the tools used analysis and interpretation have been made giving way for useful and constructive suggestions. Thus the ratio analysis of the company is satisfactory. The company should enhance its performance for meeting challenges and exploiting opportunities in future. The project will guide to the management to interpret its weakness and problems this will certainly help the management to taking financial decision. However more efforts need to be taken to improve the financial position for the growth of the company.

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