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THE FINANCIAL STATEMENT FOR RELIANCE INDUSTRY LIMITED

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ABTRACT

This study main focus on to analysis the overall performance of the Reliance industry limited to analysis the overall performance with the help of financial statement with shows all revenues, expenses, assets, and liabilities in the form of a balance sheet and a profit and loss statement This statement is examined; it is referred to as performance; it aids the company in making decisions and provides information about the role of financial components in business. The method used to analysis their performance was ratio analysis (liquidity, profitability and solvency) and fluctuating working capital schedules .This technique aids in the analysis of business performance.

INTRODUCTION

The study of financial statement is prepared for the purpose of presenting a periodical review or report by the management of and deal with the state of investment in business and result achieved during the period under review.

They reflect the financial position and operating strengths or weaknesses of the concern by properly establishing relationship between the items of the balance sheet and remove statements Financial statement analysis can be under taken either by the management of the firm or by the outside parties.

REVIEW OF LITERATURE

1. Hajek, P., & Olej, V. (2014) found that this paper develops a methodology to extract concepts containing qualitative information from corporate annual reports. The methodology makes it possible to easily compare the concepts with future financial performance. The results suggest that annual reports differ in terms of the concepts emphasized reflecting future financial performamnce

2.A.S.Suresh (2013), "A study on the fundamental and technical analysis", estimates the stock price changes by studying the forces operating in the overall economy, as well as influences peculiar to industries and the companies. This study helps in selecting the right time and the right securities for the investment. It predicts the direction of the national economy because economic activity affects the corporate profit, investors attitude and security prices. Fundamental analysis is made on the 3 phase approach that is the EIC (economy, industry, company) approach.

3.Jha Vidhu Shekharand Mehra Vikas (2015), Corporate Governance issues, practices and concerns in the Indian context .A conceptual study addresses some of the issues and concern faced by Indian companies on the issues of corporate governance. All developments related to corporate governance have occurred after liberalization in 1991. Many large companies like TCS are doing credible work with regard to corporate governance.

OBJECTIVES

1. To study the present financial statement at Reliance Industry.

2. To determine the Profitability of the business.

3. To state the data Analysis and Interpretation of past Five years.

4. To offer appropriate suggestions for the better performance of the organization

SCOPE

- It is designed to analyze the financial statement of reliance industry limited.it is the study based on the annual reports of the company for the period of last 5 years 2018-2022
- It includes liquidity ratio, profitability ratio, turnover ratio and market based ratio perform of the reliance industry limited.

RESEARCH METHODOLOGY

Research is defined as a systematic, gathering recording and analysis of data about the problems relating to any particular fields

It determines strength reliability and accuracy of the project.

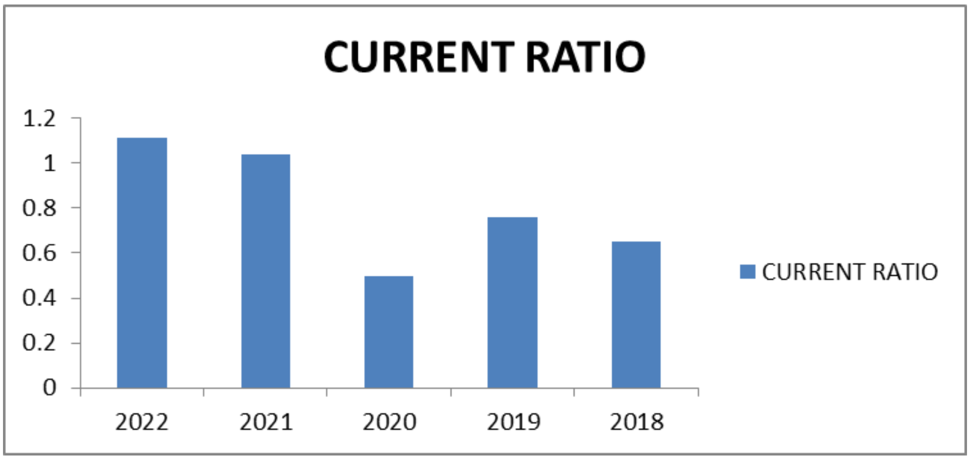
1. Research Design: the great research approach or strategy for a particular project. A research project has to be the conducted scientifically making sure that data is collected adequately and economically

2. Methods of data collection: Secondary data

DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

CURRENT RATIO: The Ratio Compare the current asset with the current liabilities. So, a higher ratio means the company has more assets than liabilities. It is also known as Working capital ratio and solvency ratio.it is expressed in the form of pure ratio A current ratio of less than 1.0 means that a company have enough assets to cover its liabilities. And a current ratio of more than 1.0 means that a company has more assets than it needs to cover its liabilities.



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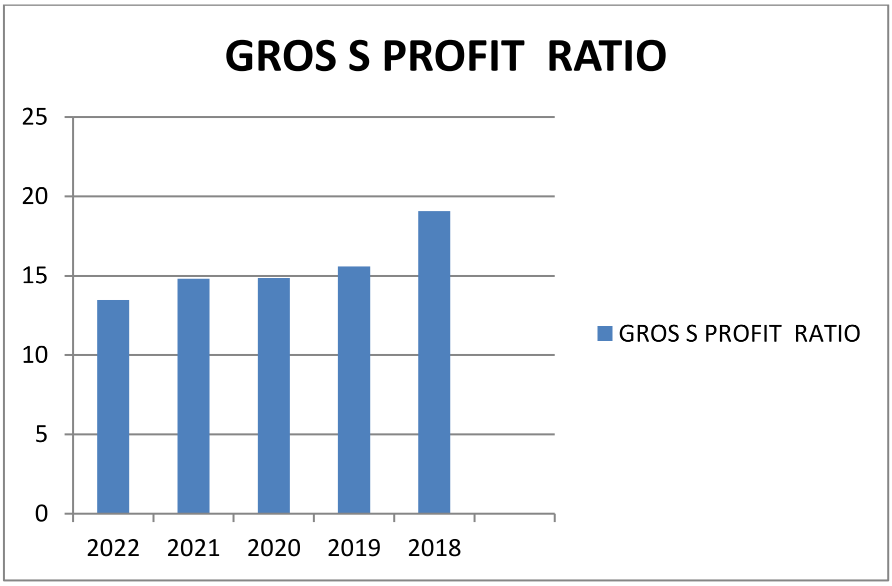
INTERPRETATION:

From the above table no: 1 is showing the current ratio of Reliance industries limited. The highest ratio was 1.1065 in the year of 2022. But Almost 4 year current ratio is same. And the lowest current ratio was 0.5039 in the year of 2020. The consistency increase in the value of current asset will increase the ability of company to meet its obligation therefore from the point of view of creditors the company is less risky.

2) **GROSS PROFIT RATIO:**

The gross profit of a company is the total sales of the firm minus the total cost of the goods sold. The total sales are all the goods sold by the company. The total cost of the goods sold is the sum of all the variable costs involved in sale.



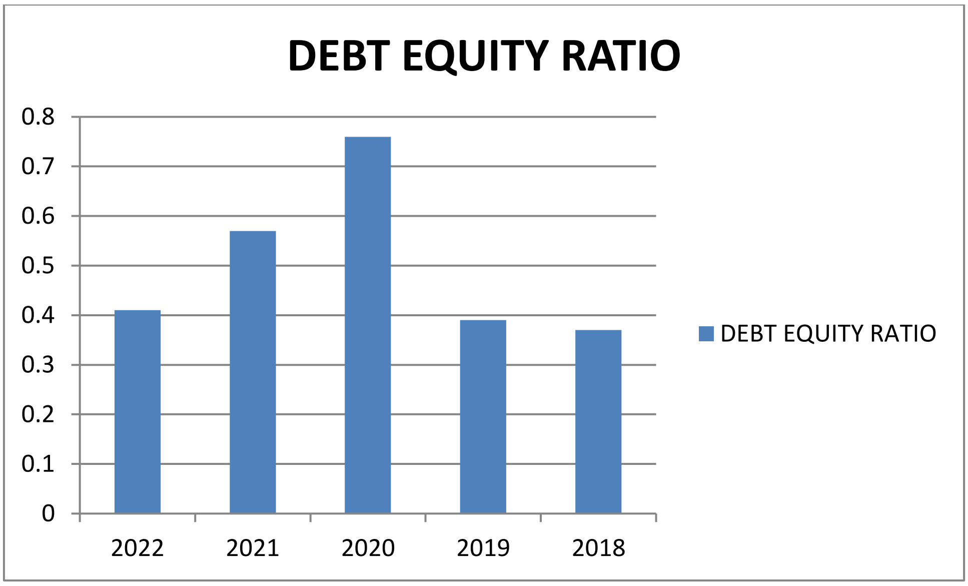
INTERPRETATION:

Gross profit is the profit made on the sales of goods. It is the profit on turnover. In the year of 2022 the gross profit ratio is decreased 13.46 it has increased in the year of 2018 ratio of 19.06. The gross profit is continuously increased in the year of 2018-2022.

3) **DEBT EQUITY RATIO:**

Debt equity Ratio compares the company's total liabilities to its total equity share holders.it measure the amount committed by suppliers, lenders, creditors etc. Lowers percentage means that the company is using less leverage and has a stronger equity position.

Larger means the company can push this ratio highter without much trouble. But for smaller companies a high debt to equity ratio could be risky.



. The rate of debt equity ratio is decrease from 0.41 to 0.57 during the year of 2022- 2021. The lower ratio of above is 0.37 in the year of 2018.

4) NET PROFIT RATIO

Net profit ratio, also known as net profit margin or net profitability ratio, measures a company's profitability after taxes. It is a percentage of a company's profit in a particular period. This can be achieved by taking the production and distribution costs of the products and other expenses. A company's net profit is also known as its net income, net earnings or bottom line. It represents the financial standing of a company after all its expenses have been paid off from its total revenue.

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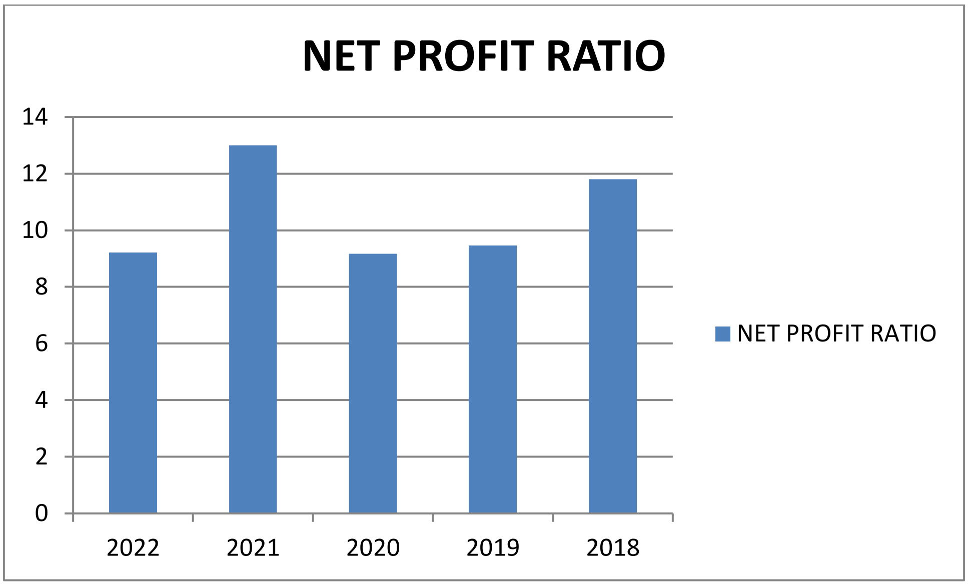

INTREPRETATION:

In the above table highest Ratio was 13.00 in the year of 2021 and the lowest ratio was 9.22 in the year of 2022 that is previous year. An asset turnover ratio of 2.5 or more could be considered good, while a company in the utilities sector is more likely to aim for an asset turnover ratio between 0.25 and 0.5.

FINDINGS

1) Current ratio: the current ratio of the company is less than standard norm 2:1in the year of 2020 2019 and 2018.
2) Gross profit ratio: As per 20% of margin is considered high .In the year of 2022 the gross profit ratio is decreased 13.46 it has increased in the year of 2018 ratio of 19.06. The gross profit is continuously increased in the year of 2018-2022
3) Net profit ratio: An asset turnover ratio of 2.5 or more could be considered good, while a company in the utilities sector is more likely to aim for an asset turnover ratio between 0.25 and 0.5.
4) Debt equity ratio: This ratio is very important from the point of view of creditors and owners. the rate of debt equity ratio is decrease from 0.41 to 0.57 during the year of 2022-2021.

SUGGESTIONS

- The Reliance Industry Limited can increase its liquidity ratio includes paying off liabilities, using long-term financial, optimally managing receivables and payables, and cutting back on certain costs.
- The Reliance Industry Limited can concentrate their advertisement to enchant the customers to buy the products like (Reliance Retail)
- The cost of goods sold is high in every year so the company should do efforts to control it for Reliance industry limited.

CONCLUSION

- The company's overall position is at a very good position. The company achieves sufficient profit in last four years. The long term solvency position of the company is very good. The company maintains low liquidity to achieve the high profitability.
- The company distributes dividends every year to its shareholders. The profit of the company decreased in the last year due to maintaining the comparatively high liquidity. The net working capital of the company is maximum in the last year shows the maximum liquidity.

REFERANCE

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