# A STUDY ON THE FINANCIAL ANALYSIS OF RELIANCE INDUSTRIES LIMITED

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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 data are collected from the secondary sources like annual reports, company websites and other reliable sites. From the analysis, we find that the company is lagging in various areas. Improving which will help the company to achieve its ideal ratios. The profitability and turnover ratios are better when compared to liquidity ratios. The company was able to achieve the ideal ratios of profitability in few years but couldn't achieve the liquidity ratios even for a single year. Also the working capital turnover has been negative for all the five years. The company must improve to bring the working capital to a positive rate by decreasing its current liabilities. The current liabilities have always been more than the current asset which is not good for the company.Net profit ratio indicate the company capacity to face adverse economic conditions such as price competition, low demand, etc. Obviously, higher the ratio the better profitability. Hence, try sustaining this ratio at higher level because this ratio reflects