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 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 assets which is not good for the company.

Introduction:

Financial analysis is the process of evaluating the finance related transactions to determine the performance and stability of the company. Financial analysis is done to check the company’s liquidity, profitability, solvency and efficiency. This helps the company to make future decisions and analyze the past trends. There are two types of analysis. They are: fundamental analysis and technical analysis. Fundamental analysis is done with the help of ratios generated from the financial statement of the company. Whereas the technical analysis is done with the help of trends arrived from the trading activities of the company.

Reliance Industries Limited is a multinational conglomerate company which is doing business in various sectors like retail, textiles, telecommunications, petrochemicals, energy and natural resources. It is one of the largest private sector companies of India. Reliance was found by Dhirubhai Ambani but now it is taken over by his son Mukesh
Ambani who is the chairman and managing director of the company. RIL is well known for its products and services. RIL also has a number of well-recognized brands which are traded all over the world.

**Objective Of The Study:**
Determining the liquidity, profitability and turnover rate of the company through RATIO ANALYSIS.

**Tools Used For Analysis**
For the purpose of this analysis, the statistical technique used is Ratio analysis.

Ratio analysis observes the financial statement and reveals the liquidity, efficiency, profitability and turnover rate of the company. Ratio analysis helps the company to identify how the organization is performing at the current situation.

**Data Collection**
The analysis is based on the sources of secondary data. Data is taken from various sources like company’s annual report, company’s website, articles and publications. Finance related books and previous projects are also used for references.

**Review of Literature:**
Dr. R. Parma and et al (2019), in their study ‘Financial Performance of Selected Indian Food Products Industry Drug Posting- Reform Period’ analyzed the financial performance of selected Indian food products industry from 1991-1992 to 2015-2016. They observed that maximum growth rate was found in operating leverage ratio at 1.39% and minimum growth rate was found in financial analysis at turnover ratio at 12%. They concluded that industry's ability to honor debt payment was satisfactory.

Dr. R. Malini and et al (2019), made their analysis on ‘The Financial Performance Analysis of Indian Tobacco Corporation Limited’. The study on financial performance analysis of Indian Tobacco Corporation limited aims to analyze liquidity, profitability, efficiency and solvency of the firm. The study covers a period of 5 years (1.4.2013-31.3.2017). They suggested that the firm needs to minimize operating expenses to get higher net profit and the firm should take steps to utilize maximum of resources and inventory. They concluded that the overall financial performance of the firm is better.

**Analysis and Interpretation Ratio Analysis**
**Liquidity ratios**
**Current Ratio Formula:**
Current Ratio = Current Assets/Current Liabilities

**Table No1:**
- Calculation of Current Ratio of RIL

| YEAR       | CURRENT ASSETS (in Rs.Cr.) | CURRENT LIABILITIES (in Rs.Cr.) | CURRENT RATIO (intimes) |
|------------|-----------------------------|---------------------------------|-------------------------|
| 2015-2016  | 67372                       | 125180                          | 0.54                    |
| 2016-2017  | 66977                       | 157130                          | 0.43                    |
| 2017-2018  | 91856                       | 206043                          | 0.45                    |
| 2018-2019  | 129317                      | 213228                          | 0.61                    |
| 2019-2020  | 145373                      | 314301                          | 0.46                    |

**Source:** Annual report of Reliance Industries Limited.
Interpretation:
The above table and chart depicts the current ratio of Reliance Industries Limited. Current ratio is a ratio that measures the ability of the company to pay off the short term liabilities. Current ratio is calculated by dividing current assets by current liabilities. Current assets include cash and cash equivalents, accounts receivable, inventory, prepaid liabilities, marketable securities, and other liquid assets. Current liabilities include accounts payable, short term loans, accrued expenses, and notes payable. In the above table and chart, current ratio has been calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, ‘x’ axis denotes the financial years and ‘y’ axis denotes the current ratio (in times) for the respective financial years. The current ratio for the year 2015-2016 is 0.54 times; 2016-2017 is 0.43 times; 2017-2018 is 0.45 times; 2018-2019 is 0.61 times; 2019-2020 is 0.46 times. Thus, from the above table it is clear that the current ratio of Reliance Industries ranges minimum of 0.43 during the year 2016-2017 and maximum of 0.61 during the year 2018-2019. An ideal current ratio is 2:1, which means that the company must have 2 times more current assets than the current liabilities to cover its debts. The current ratio below 1 means that the company is not efficient and doesn't have enough liquid assets to cover its short-term liabilities. Hence, in none of the above years current assets are more than the current liabilities. Hence, in order to achieve ideal current ratio the company has to improve current assets so that it will have a strong financial position.

Quick Ratio Formula:
Quick Ratio = Liquid Assets / Current Liabilities

Table No. 2: Calculation of Quick Ratio of RIL

| YEAR       | LIQUID ASSETS (In Rs. Cr.) | CURRENT LIABILITIES (In Rs. Cr.) | QUICK RATIO (in times) |
|------------|---------------------------|---------------------------------|------------------------|
| 2015-2016  | 10387                     | 125180                          | 0.08                   |
| 2016-2017  | 7226                      | 157130                          | 0.05                   |
| 2017-2018  | 13191                     | 206043                          | 0.06                   |
| 2018-2019  | 15878                     | 213228                          | 0.07                   |
| 2019-2020  | 15926                     | 314301                          | 0.05                   |
Interpretation:
The above table and chart depicts the quick ratio of Reliance Industries Limited. Quick ratio is another liquidity ratio that measures how a company meets its short term obligations with its most liquid assets. It is also called as acid test ratio. Quick ratio is calculated by dividing liquid assets by current liabilities. Liquid assets are those assets which are converted into cash easily and quickly. Liquid assets include cash in hand, cash at bank, cash equivalents, accrue d income, promissory notes, etc. Liquid assets are calculated by current assets minus inventory and prepaid expenses. Current liabilities are those debts and obligations of a company that are expected to be dealt with within a year. Current liabilities include accounts payable, short term loans, accrued expenses and notes payable. In the above table and chart, quick ratio has been calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, ‘x’ axis denotes the financial years and ‘y’ axis denotes the quick ratio (in times) for the respective financial years. The quick ratio for the year 2015-2016 is 0.08 times; 2016-2017 is 0.05 times; 2017-2018 is 0.06 times; 2018-2019 is 0.07 times; 2019-2020 is 0.05 times. From the above table it is clear that the quick ratio of Reliance Industries ranges minimum of 0.05 during the years 2016-2017 and 2019-2020 and maximum of 0.08 during the year 2015-2016. Ratio of 1:1 is held to be the ideal quick ratio indicating that the company has enough liquid assets to pay off its current obligations. But it is clear that in none of the above years liquid assets and current liabilities are in 1:1 ratio. Hence the company is inefficient to pay off its current liabilities from its immediate liquid assets. RIL has to work on its liquid assets to achieve ideal quick ratio.

Absolute Liquid Ratio Formula:
\[ \text{Absolute Liquid Ratio} = \frac{\text{Liquid Assets}}{\text{Liquid Liabilities}} \]

Table No3:- Calculation Of Absolute Liquid Ratio of RIL

| YEAR | ABSOLUTE LIQUID ASSETS | CURRENT LIABILITIES | ABSOLUTE LIQUID RATIO |
|------|------------------------|---------------------|----------------------|
| 2015-2016 | 0.08 times | 2016-2017 | 0.05 times | 2017-2018 | 0.06 times | 2018-2019 | 0.07 times | 2019-2020 | 0.05 times |
Interpretation:
The above table and chart depicts the absolute liquid ratio of Reliance Industries Limited. Absolute liquid ratio is also a liquidity ratio that measures the total liquidity which will be available for the company. This ratio tests short-term liquidity in terms of cash, marketable securities and current investment. Absolute liquid ratio is calculated by liquid assets divided by liquid liabilities. Liquid assets are those assets that are converted into cash easily. Liquid assets include cash in hand, cash at bank, cash equivalents, accrued income, promissory notes, marketable securities, etc. Liquid assets are calculated by adding cash in hand, cash at bank and marketable securities. Liquid liabilities are those debt obligations of a company that must be paid off within a year. Liquid liabilities are calculated by current liabilities minus bank overdraft and cash credit facilities. In the above table and chart, absolute liquid ratio has been calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, ‘x’ axis denotes the financial years and ‘y’ axis denotes the absolute liquid ratio (in times) for the respective financial years. The absolute liquid ratio for the year 2015-2016 is 0.06 times; 2016-2017 is 0.01 times; 2017-2018 is 0.01 times; 2018-2019 is 0.02 times; 2019-2020 is 0.03 times. From the above table it is clear that the absolute liquidity ratio of Reliance Industries ranges minimum of 0.01 during the year 2016-2017 and 2017-2018 and maximum of 0.06 during the year 2015-2016. The most favourable and optimum value for this ratio should be 1 : 2. It indicates that 50% of liquid assets is enough to pay off 100% liquid liabilities. If the ratio is less than 1, it means that the company is not able to manage its daily cash requirements. If the ratio is more than 1, it means that the company has enough liquid assets to meet its short-term obligations. The absolute liquid assets and current liabilities don’t satisfy the above condition. Thus, RIL has to improve its absolute liquid assets in order to achieve an ideal absolute liquid ratio.

Profitability Ratios
4. Net Profit Ratio
Formula:
\[
\text{NET PROFIT RATIO} = \frac{\text{NET PROFIT}}{\text{NET SALES}} \times 100
\]
Table No 4: Calculation of Net Profit Ratio of RIL

| YEARS       | NET PROFIT (in RsCr.) | NET SALES (in RsCr.) | NET PROFIT RATIO (%) |
|-------------|-----------------------|----------------------|----------------------|
| 2015-2016   | 27417                 | 233158               | 11.75                |
| 2016-2017   | 31425                 | 242025               | 12.98                |
| 2017-2018   | 33612                 | 290042               | 11.58                |
| 2018-2019   | 35163                 | 371616               | 9.46                 |
| 2019-2020   | 30903                 | 335978               | 9.19                 |

Source: Annual Report of Reliance Industries Limited.

Interpretation

The above table and chart shows the net profit ratio of Reliance Industries Limited. Net profit ratio illustrates how much of revenue generated is in the form of profit. The ratio is expressed in terms of percentage. It is a key factor that indicates the financial status of the company. The variations in the ratios help in assessing the current practices and forecasting future profits. Net profit ratio is calculated by dividing the net profit by net sales and then multiplying it by 100. Net profits arrived by deducting all non-operating expenses from the operating profit made by the company. In the above chart, X-Axis denotes the financial years and the Y-Axis denotes the ratios calculated (in %). The analysis is for the period of five years i.e. 2015-2016 to 2019-2020. The net profit ratio for the year 2015-2016 is 11.75% even though the net profit and sales for the respective years are the least when compared to all other financial years. In the year 2016-2017, the net profit ratio is 12.98% which is the highest of all. The net profit ratios for the years 2017-2018 and 2018-2019 are 11.58% and 9.46% respectively. The year with the highest sales and net profit is 2018-2019 but it didn't achieve the highest net profit ratio. In the year 2019-2020 the net profit ratio is 9.19% which is the least ratio. From the above analysis, we understand that as the sales increase, the net profit ratio tends to decrease and increase when the net profit increases. The ideal net profit ratio is 25%. But the company failed to achieve it in any of the five years. In order to raise its net profit ratio to the ideal ratio, the company must try to increase its net profits.
Return on Equity Formula:
\[
\text{Return on Equity} = \frac{\text{Net Income}}{\text{Net Worth}} \times 100
\]

| YEARS       | NETINCOME (inRsCr.) | NETWORTH (inRsCr.) | RETURN ON EQUITY (%) |
|-------------|----------------------|--------------------|----------------------|
| 2015-2016   | 27417                | 240184             | 11.41                |
| 2016-2017   | 31425                | 288313             | 10.89                |
| 2017-2018   | 33612                | 314647             | 10.68                |
| 2018-2019   | 35163                | 405322             | 8.67                 |
| 2019-2020   | 30903                | 424854             | 7.27                 |

**Source:** Annual report of Reliance Industries Limited

Interpretation:
The above chart and table shows the return on equity ratio of reliance industries limited. It is the ratio that measures how much of profits can be earned with the available equity. The ratios are expressed in terms of percentage. Networth is arrived by subtracting the debt from the total assets of the company. In the above chart, X-Axis denotes the financial years and Y-Axis denotes the ratios (in %). The study is for a period of five years i.e 2015-2016 to 2019-2020. The return on equity for the year 2015-2016 is 11.41% which is the highest ratio in these five years. Though the net income and net worth is low, the company is able to achieve the maximum ratio. In the year 2016-2017, the company earned 10.89% return on equity. Then net income and net worth continued to increase over the years, yet the ratios keep on decreasing. The ratio for the year 2017-2018 is 10.68% and for the year 2018-2019 is 8.67%. The highest net income and net worth is achieved but the return on equity ratio is only 7.27% for the year 2019-2020. It is very clear from the analysis that as the net income and net worth keeps on increasing, the return on equity ratio keeps on falling.

Return on Capital Employed Formula:
\[
\text{Return on Capital Employed} = \frac{\text{Earnings Before Profit and Tax (EBIT)}}{\text{Capital Employed}}
\]
### Table No 6: Calculation of Return on Capital Employed of RIL

| YEARS       | EARNINGS BEFORE INTEREST AND TAX (IN Rs. Cr.) | CAPITAL EMPLOYED (IN Rs. Cr.) | RETURN ON CAPITAL EMPLOYED RATIO (IN %) |
|-------------|---------------------------------------------|-------------------------------|----------------------------------------|
| 2015-2016   | 38155                                       | 332540                        | 11.47                                  |
| 2016-2017   | 43500                                       | 389616                        | 11.16                                  |
| 2017-2018   | 50381                                       | 411482                        | 12.24                                  |
| 2018-2019   | 57118                                       | 562517                        | 10.15                                  |
| 2019-2020   | 56666                                       | 654611                        | 8.66                                   |

**Source:** Annual report of Reliance Industries Limited

### Interpretation:

The above table and chart depict the return on capital employed ratio of Reliance Industries Limited. Return on capital employed (ROCE) is a ratio that measures the company's profit-earning ability and capital efficiency. This ratio helps in assessing how much profit can be earned out of the capital. It is calculated by dividing earnings before interest and tax (EBIT) by capital employed. Earnings before interest and taxes (EBIT) indicate the company's profit earning capacity. EBIT includes all incomes and expenses except for interest and income tax. Capital employed is the total capital used for acquiring profits by the company. Capital employed is derived by subtracting current liabilities from total assets. In the above table and chart, return on capital employed ratio is calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, X-Axis denotes the financial years and the Y-Axis denotes the ratios calculated (in %). The return on capital employed ratio for the year 2015-2016 is 11.47%; 2016-2017 is 11.16%; 2017-2018 is 12.24%; 2018-2019 is 10.15%; 2019-2020 is 8.66%. Thus, from the above table it is clear that the return on capital employed ratio of Reliance Industries ranges minimum of 8.66% during the year 2019-2020 and maximum of 12.24% during the year 2017-2018. A good ROCE varies around 10%. Hence, return on capital employed is completely satisfactory during the financial year 2018-2019; whereas it is partially satisfactory during the financial years 2015-2016 and 2016-2017; while ROCE is not satisfactory during the financial years 2017-2018 and 2019-2020. So the company has to concentrate on its earnings to gain better return on capital employed.
ReturnOnAssetFormula:  
\[
\text{ReturnOnAsset} = \frac{\text{ProfitAfter Tax (Pat)}}{\text{TotalAssets}}
\]

**Table No:** 7: Calculation on Return on Asset of RIL.

| YEAR          | PROFIT AFTERTAX (InRs.Cr.) | TOTALASSETS (InRs.Cr.) | RETURN ON ASSET (in%) |
|---------------|-----------------------------|------------------------|-----------------------|
| 2015-2016     | 27417                       | 457720                 | 5.98                  |
| 2016-2017     | 31425                       | 546746                 | 5.74                  |
| 2017-2018     | 33612                       | 617525                 | 5.44                  |
| 2018-2019     | 35163                       | 775745                 | 4.53                  |
| 2019-2020     | 30903                       | 968912                 | 3.18                  |

*Source:* Annual Report of Reliance Industries Limited.

**Interpretation**

The above table and chart depicts the return on assets ratio of Reliance Industry Limited. Return on asset indicates how well a company is generating profits from its total assets. It can be calculated by dividing the profit after tax by total assets of the company. Profit after tax is the amount arrived after deducting tax and interest from the earnings of the company. The return on asset is indicated in terms of percentage. In the above table and chart the return on asset is calculated for the past five financial years, i.e., from 2015-2016 to 2019-2020. In the above chart, X-Axis denotes the financial years and the Y-Axis denotes the ratios calculated (in %). The return on assets ratio for the year 2015-2016 is 5.98%; 2016-2017 is 5.74%; 2017-2018 is 4.44%; 2018-2019 is 4.53%; 2019-2020 is 3.18%. Thus,

From the above table it is clear that the return on assets ratio of Reliance Industries ranges minimum of 3.18% during the year 2019-2020 and maximum of 5.98% during the year 2015-2016. Return on assets over 5% are said to be good. Hence, the return on assets is completely satisfactory during the financial years 2015-2016, 2016-2017 and 2017-2018. The company has to improve its total assets to achieve an ideal ratio of 5% on the financial years 2018-2019 and 2019-2020.

**Turnover Ratios**  
**Inventory Turnover Ratio Formula:**
Inventory Turnover Ratio = Net Sales / Average Inventory

Table No: 8 - Calculation of Inventory Turnover Ratio of RIL.

| YEARS           | NET SALES (in Rs Cr.) | AVERAGE INVENTORY (in Rs Cr.) | INVENTORY TURNOVER RATIO (in times) |
|-----------------|-----------------------|-------------------------------|------------------------------------|
| 2015-2016       | 233158                | 28034                         | 8.32                               |
| 2016-2017       | 242025                | 34018                         | 7.11                               |
| 2017-2018       | 290042                | 39568                         | 7.33                               |
| 2018-2019       | 371616                | 44144                         | 8.42                               |
| 2019-2020       | 335978                | 38802                         | 8.66                               |

Source: Annual report of Reliance Industries Limited.

Interpretation
The above chart and table represents the inventory turnover ratio of Reliance Industry Limited. It indicates the number of times the company is able to sell off its inventory. It also helps to identify if there are any excessive inventory when compared with its sales level. The ratio is expressed in terms of times. The inventory ratio is calculated by dividing the net sales by average inventory of the company. In the above chart X-axis denotes years and Y-axis denotes ratios in times. The analysis is for the period of five years i.e. 2015-2016 to 2019-2020 financial year. In the year 2015-2016 the inventory is sold for 8.32 times even though the net sales and the average inventory is at its least. In the year 2016-2017 the inventory sold is 7.11 times which is the least of all. The net sales and average inventory increased hereby the inventory ratio is also increased by 7.33 times in the year 2017-2018. The inventory turnover ratio for the year 2018-2019 is 8.42 times though it has the highest net sales and average inventory. The inventory turnover ratio for the year 2019-2020 is 8.66 times which is the highest of all the years. From the above table we have analysed that when the net sales increases inventory ratio will also increases and the ratio will decrease when the average inventory increases.

Working Capital Turnover Ratio Formula:
Working Capital Turnover Ratio = Net Sales / Working Capital
Table No: 9:- Calculation Of Working Capital Turnover Ratio of RIL.

| YEARS       | NETSALES (in Rs Cr.) | WORKING CAPITAL (in Rs Cr.) | WORKING CAPITAL TURNOVER RATIO (in times) |
|-------------|----------------------|-----------------------------|------------------------------------------|
| 2015-2016   | 233158               | (57808)                     | (4.03)                                   |
| 2016-2017   | 242025               | (90153)                     | (2.68)                                   |
| 2017-2018   | 290042               | (114187)                    | (2.54)                                   |
| 2018-2019   | 371616               | (83911)                     | (4.43)                                   |
| 2019-2020   | 335978               | (168928)                    | (1.99)                                   |

Source: Annual report of Reliance Industries Limited.

Interpretation
The above table and chart shows the working capital turnover ratio of Reliance industries limited. Working capital turnover is a ratio shows how efficiently the working capital is utilized and how it helps in sales and growth. A higher working capital turnover ratio indicates higher amount of sales. The ratio is expressed in times. The working capital ratio can be calculated by dividing the net sales by working capital of the company. The X-axis denotes years and the Y-axis denotes ratios. The analysis is for the period of five years i.e. 2015-2016 to 2019-2020 financial year. In the financial year 2015 to 2016 the working capital turnover ratio is (4.03). The working capital turnover ratio is (2.68) for the year 2016 to 2017 which is better than the previous year. For the year 2017 to 2018 the working capital ratio is (2.54). In the financial year 2018 to 2019 the working capital is (4.43) which is the least of all the given years. The working capital turnover ratio for the year 2019 to 2020 is (1.99) which is the best of all. The working capital turnover ratio for the company in all the five years shows a negative impact. This is mainly because the current assets of the company are not sufficient to meet all the current liabilities incurred. The company must invest much more on current assets to bring the working capital of the company to a positive rate.

Fixed Asset Turnover Ratio Formula:
Fixed Asset Turnover Ratio = Net Sales / Fixed Assets
TableNo10:- CalculationOfFixedAssetTurnover RatioofRIL

| YEARS       | NETSALES (inRsCr.) | FIXEDASSETS (inRsCr.) | FIXED ASSETTURNOVER RATIO (in times) |
|-------------|-------------------|-----------------------|------------------------------------|
| 2015-2016   | 233158            | 131410                | 1.77                               |
| 2016-2017   | 242025            | 154578                | 1.57                               |
| 2017-2018   | 290042            | 200964                | 1.44                               |
| 2018-2019   | 371616            | 203188                | 1.83                               |
| 2019-2020   | 335978            | 306471                | 1.10                               |

Source: AnnualreportofReliance IndustriesLimited.

ChartNo:10:- FixedAssetTurnoverRatioofRIL

Interpretation
The above chart and table shows the fixed asset turnover ratio of the Reliance industries limited. Fixed Asset Turnover (FAT) is a ratio that tells how efficiently the fixed assets of the company are used to generate more sales. The ratio is expressed in times. Fixed Asset Turnover ratio can be calculated by dividing the net sales by the fixed assets of the company. The X-axis denotes years and the Y-axis denotes ratio. The analysis is for the period of five years i.e 2015-2016 to 2019-2020 financial years. The fixed asset turnover ratio for the year 2015-2016 is 1.77 (in times) even though the net sales is less when compared to the other years. In the financial year 2016 to 2017 fixed asset turnover ratio is 1.57 times. Though net sales and inventory increased over the year, the ratio decreased. The year 2017 to 2018 shows a fixed asset turnover ratio of 1.44 times. The fixed asset turnover ratio is highest for the year 2018 to 2019 which is 1.83 times. This year also has the highest net sales of all times. In the financial year 2019 to 2020 the fixed asset ratio is 1.10 times which is the least ratio of all the five years even though the fixed assets have been the highest in this year.

FindingsOfThe Study
1. Either of the liquidity ratios didn’t satisfy the ideal ratios. Hence, it is clear that RIL has poor current assets and liquid assets.
2. The ideal ratio for return on assets ratio is 5%. The total assets of the company have been steadily increasing and hence the company was able to achieve the ideal ratio in 2015-2016, 2016-2017 and 2017-2018. But it failed to do so in the years 2018-2019 and 2019-2020.
3. By analyzing all the financial years RIL did a better performance on turnover ratio in the year 2018-2019.
2019. It shows efficiency of investment made by the firm is improved.

**Suggestions:**
1. The company must decrease its current liabilities and increase its current assets in order to raise the liquidity ratio to the deal level.
2. The company must work hard to earn more profit and net income in the upcoming year to keep its profitability ratios at maximum.
3. The company must increase its net sales constantly to have better turnover ratios.

**Conclusion:**
Reliance Industries Limited is India's largest company with all major parameters. RIL has the capability of acquiring weaker firms by throwing them out of competition. This study is done to analyse the financial performance of the company using comparative balance sheet, and to determine the liquidity, profitability and turnover rate of the company using ratio analysis for the period 2015-2016 to 2019-2020. The analysis is based on the sources of secondary data. This analysis will give the exact picture of the company. This study will also help the management to take managerial decisions and to create new ideas. This study also gives the knowledge about usefulness of the tools.

This company is in good position but has to improve in some areas to satisfy the ideal ratios. The company would've improved a lot if it had reduced its borrowings. One of the major drawbacks is that the company was not able to achieve its ideal liquidity ratios and the reason for it is also the excess borrowings. Thus, if the company takes into account the suggestions made in this study, it has a very good chance of improvement.

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