

A Study of Financial Management for Company Success- Reliance Industries Limited

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Abstract - Financial management plays a key role for the success of any organization. The responsibility of finance manager is vital as the whole world is considered as a global village for investment and for expansion of the business. Normally the financial management is concerned with the procurement, allocation and control of financial resources of a concern. Financial management means planning, organizing, directing and controlling the financial activities like procurement and utilization of funds of the venture. It means applying common management ideology to financial resources of the business organization. The success of any company lies on the availability and efficient management of resources to face the challenges for the success of the business in this competitive world. Finance managers have to take innovative decisions for leading the concern towards success. Hence the study is focused on planning, organizing and controlling of financial activities, reduction of finance costs and sufficient availability of funds. The study is based on the secondary data and information. This article focusses on highlights of investment decisions, financial decisions, dividend decisions, marketing strategies of Reliance Industries for its success.

Index Terms – Financial management, investment decisions, finance decisions, dividend decisions, company success of reliance industries.

I.INTRODUCTION

Financial resources are the life of any organization for its existence. Financial Management is the branch inside a company that deals with inflow cash flows, profitability, credits, costs etc. Broadly, speaking financial management is the process of planning and controlling a company's finance in a way that permits the firm to be profitable. It requires a both high-level strategy and hands on implementation at ground. Investing funds in such a way that the returns on the investment exceed the cost of borrowing, that is critical for any business for its expansion.

Financial Management is normally concerned with short-term working capital management; focus on current assets and current liabilities, and managing fluctuations in foreign currency and product cycles, often through hedging. The function also entails the efficient and effective day-to-day management of funds, and thus overlaps treasury management. It is also involved with long term strategic financial management, focused on capital structure management, including capital raising, capital budgeting and dividend policy; these later in large corporates, being more than domain of "corporate finance".

OBJECTIVES OF THE STUDY

- To know the importance of financial Management for Organizational success.
- To control the flow of finance in an organization.
- To make sure the maximum utilization of funds available.

REVIEW OF LITERATURE

Definition

"Goutham and Dougal," Financial Management is the activity concerned with Planning, raising, controlling and administering of funds used in the business".

Core Financing Management Decisions

In organization, managers in an effort to minimize the cost of procuring finance and using it in the most profitable manner, take the following decisions.

Investment Decisions

Managers need to decide on the amount of investment available out of the existing finance, on a long term and short-term basis. They are of two types

- Long term investment decisions
- Short term

Financing Decisions

Managers also make decisions pertaining to raising finance from long term sources called capital structure and short-term sources called working capital. They are of two types

- Financial planning decisions
- Capital structure decisions

Dividend Decisions

These involve decisions related to the position of profits that will be distributed as dividend. Shareholders always demand a higher dividend, while the management would want to retain profit for business needs. Hence; this is a complex managerial decision.

Business concerns needs finance to meet their requirements in the economic world. Any kind of business activity depends upon the finance. Hence, it is called as lifeblood of the business organization. Whether the business concerns is big or small, and they need finance to fulfill their business activities. In the modern world, all the activities concerned with the economic activities and very particular to earning profit through any venture or activities. The entire business activities are directly related with making profit.

In a nutshell, Finance Management-

- Endeavors to reduce the cost of finance.
- Ensures sufficient availability of funds.
- Deals with the planning, organizing and controlling of financial activities like the procurement and utilization of funds.

Company Success

Successful organizations required both inspirational leaders and sound managers. In order to reach increased and feasible results, organizations need to implement strategies and engage employees. Success is measured by inspecting where the organization is in regard to its goals and its mission.

Case Analysis

Indian Food Products Industry Drug Posting, Dr.R. Parma and etal (2019), in their study 'Financial Performance of Selected - 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.

Indian Tobacco Corporation Limited, Dr.R. Malini and etal (2019), made their analysis on 'The Financial Performance Analysis of. 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.

Reliance Industries Limited

Reliance Industries Limited (RIL) is an Indian organization headquarters in Mumbai, India. Reliance has its entities across domains like vitality, petrochemicals, materials, common assets, retail, and broadcast communications. Reliance is one of the most prominent businesses in India, the biggest "traded on an open market" organization in India by showcase capitalization, and the biggest organization in India as estimated by income after it outperformed Indian Oil Corporation Reliance Industries is the first Indian company to cross \$100 billion market capitalization

The organization is positioned 106th on the Fortune Global 500 rundown of the world's greatest enterprises as of 2019. It was positioned eight among the Top 250 Global Energy Companies by Platts in 2016. Reliance continues to be India's biggest exporter, representing 8% of India's all-out exports with an estimation of Rs 147,755 crore and access to business sectors in 108 countries. Reliance is answerable for nearly 5% of the legislature of India's complete income from traditions and extracts obligation. In 2019, Reliance Industries Limited became the first Indian business to cross Rs 9lakh crore valuation mark.

Marketing Strategy of Reliance Industries Limited

The organization was established by Dhirubhai Ambani and Champaklal Damani in the 1960s as Reliance commercial. The marketing mix of Reliance Industries covers 4Ps (product, price, place,

promotion) and explains Reliance Industries marketing strategy as follows:

Products

Reliance Industries Limited business is available in different segments which are concentrated to comprehend Reliance's item system in its showcasing blend. The retail segment incorporates Reliance Fresh, Big Bazaar, Reliance Mart, Reliance Market, Reliance store and more.

Reliance Life Sciences is associated with medicines, plants and biotechnology as it has some expertise in marking, assembling, and promoting Reliance enterprises items in biopharmaceuticals. Reliance's coordination comprises transportation, dissemination, coordination, inventory network related exercises, and telemetry arrangements. Reliance Jio Information Ltd. is a broadband specialist co-op that gives 4G administrations. Relicord is claimed by Reliance Life Sciences and gives blood banking administrations.

Reliance Industrial Infrastructure Limited deals with the development and activity of pipelines for moving oil-based commodities. Subsequently, this gives an outline of the contributions of Reliance Industries.

Price

Reliance Industries Limited pursues a distinctive valuing methodology for various segments. Thus, the advertising blend and evaluation technique of Reliance Industries is unique in light of rivalry and market administration in certain parts. It pursues entrance valuing for retail, media transmission, and well-being. At the point when the organization propelled Reliance Jio, it offered free Jio administrations to its clients during the dispatch time frame to build a piece of the pie. Be that as it may, the retail and media transmission parts are at misfortune; however, the organization is giving ideas to clients to build its clients base. The evaluating choices on its oil business rely upon the full-scale condition components and worldwide market situation to a great extent. Reliance Fresh outlets, for example, secure their items directly from the source, eliminating the middlemen in this way. This is the advantageous to the shopper as the markdown price and value decrease. Reliance Industries performs exhaustive evaluation before valuing its choices, and this evaluation is a persuasive factor for its ascent in the aggressive market.

Place

Reliance Industries has a solid nearness all over India. Reliance Retail is the biggest retailer that than 1500 stores crosswise over India. Here are the investors that makes Reliance Retail, one of the has more retailer in India. Different brands like Reliance Fresh, Reliance Footprint, Reliance Digital, and Reliance Trends have arrived at Tier 1 and Tier 2 urban areas. Reliance Jio sim administrations are accessible crosswise over significant areas and its network has improved significantly over last years. Reliance Industries dispersion system is so well-arranged that it has a strong grip across the country. Reliance gets crude materials directly from the source; consequently, it has pulled in an enormous number of clients because of the advertisements. Reliance clients can speak with the agents by calling administrations or online channels.

Promotion

Reliance Industries is vigorously working on publicizing and brand advancement. The special procedure in the advertising blend of Reliance Industries is engaged towards 360degree marketing forceful brand advancement. Reliance uses the slogan "Development is Life "and has typified its slants of taking individuals together. Reliance Industries Limited proprietor Mr. Mukesh Ambani has now owned the Mumbai Indians franchise for a long time, and the purchase of a cricket team has been instrumental in bringing the Reliance brand under the spotlight. Reliance Industries has roped in Bollywood celebrity Hrithik Roshan for underwriting Reliance Telecom. It declares limits and leads for different special exercises at various Reliance outlets. Because of its solid image mindfulness, Reliance Industries has pulled in clients at its stores customer happiness has led to its expanded client base. Consequently, this covers the promoting blend of Reliance Industries.

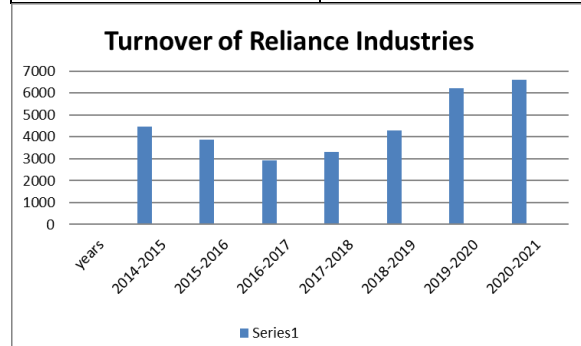
RESEARCH METHODOLOGY

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

DATA ANALYSIS AND INTERPRETATION

Turnover of Reliance Industries Limited in India from financial year 2014 to 2021

Financial year	Turnover in Billions Rs.
2014	4463
2015	3884
2017	2932
2018	3301
2019	4307
2020	6228
2021	6592

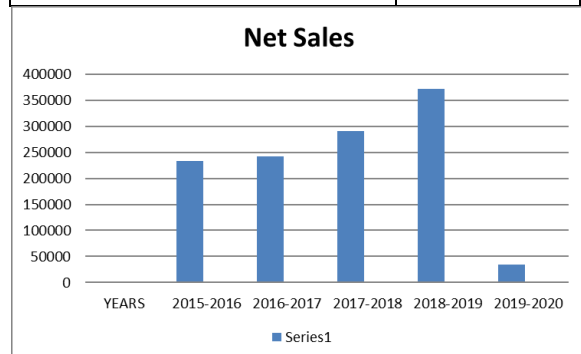


INTERPRETATION

Reliance industries limited reported a consolidated turnover of over 6.5 trillion Indian rupees in fiscal year 2020. This was a 5.4 growth compared to the previous fiscal year. The conglomerate giant made most of its revenues from its refining, petrochemicals and retail businesses.

Calculation of Net Sales of Reliance Industries Limited for the financial year 2015 to 2020

YEARS	NET SALES
2015-2016	233158
2016-2017	242025
2017-2018	290042
2018-2019	371616
2019-2020	33978

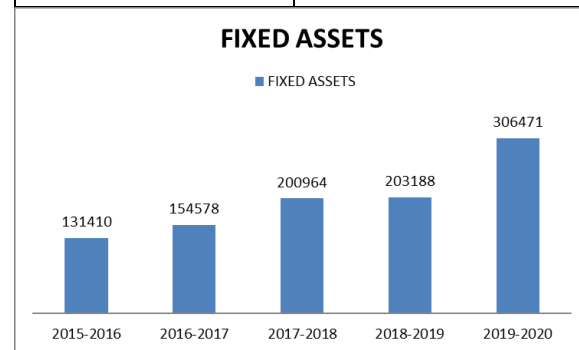


INTERPRETATION

The figure shows the net sales of the Reliance Industries Limited for the financial years 2015-2016 to 2019-2020. In 2015-2016 the net sales are 233158, 2016-2017 the net sales are 242025, 2017-2018 the net sales are 290042, 2018-2019 the net sales are 371616, 2019-2020 the net sales are 33978. In the financial year 2019-2020 the net sales are low due to covid19. In the year 2018-2019 the net sales of Reliance Industries are high i.e. 371616.

Calculation of Fixed Assets of Reliance Industries Limited for the financial year 2015 to 2020

YEARS	FIXED ASSETS
2015-2016	131410
2016-2017	154578
2017-2018	200964
2018-2019	203188
2019-2020	306471

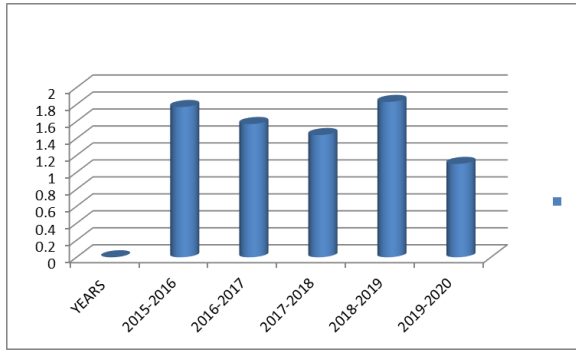


INTERPRETATION

The figure shows that the overall fixed assets of Reliance Industries Limited for the Financial year 2015-2016 to 2019-2020. In the year 2015-2016, the fixed assets are 131410. In 2016-2017 the fixed assets are 154578 it was high compared to previous financial year. In the year 2017-2018 the fixed assets are 200964. In the financial year 2018-2019 the fixed assets are 203188. In 2019-2020 the fixed assets are 306471. It was high compared to previous financial years.

Calculation of Fixed Turnover Ratio of Reliance Industries Limited for the financial year 2015 to 2020

YEARS	FIXED ASSETS TURN OVER RATIO
2015-2016	1.77
2016-2017	1.57
2017-2018	1.44
2018-2019	1.83
2019-2020	1.1



INTERPRETATION

The figure shows that the fixed assets turnover ratio of Reliance Industries Limited. In the year 2015-2016, the fixed assets turnover ratio is 1.77. In 2016-2017 the fixed turnover ratio is 1.57 it is low compared to the 2015-2016 year. The year 2017-2018 shows a fixed turnover ratio is 1.44. It is low compared to previous financial year. In 2018-2019 the fixed turnover ratio is very high i.e. 1.83 times compared to the previous financial years. In 2019-2020 the fixed turnover ratio is low i.e. 1.1 due to covid19.

FINDINGS

1. IT is observed that sales are in increasing trend except in 2019-20 due to Covid19.
2. Its liquidity position needs to be improved.
3. Return on assets ratios and the total assets of the company have been steadily increasing and hence the company was able. However Covid 19 impact has also fallen on RIL in the years 2018-2019 and 2019-2020.
4. RIL has a better performance turnover ratio except in the Covid19 period. It shows that the financial management of RIL is efficient and effective for its success in the long run.

SUGGESTIONS

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

CONCLUSION

Financial Management refers to the strategic planning, organizing, directing and controlling of financial undertakings in an organization. It also includes applying management principals to the financial assets of an organization. Financial Management in a business means planning and directing the use of the company's financial resources the cash it generates through its operations and the capital obtained from investors or lenders. Although a company may have an accounting staff or an outside accounting firm to provide financial guidance, financial management is one of the most important aspects of the business owner's job.

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 sheets and to determine the fixed turnover ratio of the company using ratio analysis for the period of 2015-2016 to 2019-2020. The analysis is based on the source of the 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 the usefulness of the tools. covid19 has impact on RIL's financial position. However, The company is in good in position but needs to improve in some areas due to covid19.

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