



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A STUDY ON FINANCIAL ANALYSIS OF RELIANCE JIO (TELECOMMUNICATION)

PRERNA SHELKE¹, DR. M.S Suganthiya², Dr. Bhawna Sharma³

COURSE – MBA (B&F)

SEM – IV

AMITY BUSINESS SCHOOL

² Assistant Professor, Amity University Mumbai

³ International Affairs & Programs and Offg. HOI- ABS, Amity University Mumbai

ABSTRACT

This research paper provides an extensive financial analysis of Reliance Jio Infocomm Limited, (RJIL) a telecommunications company and subsidiary of Reliance Industries Limited, discussing its growth, financial position, and ongoing business strategies since its establishment in 2016. Analysing critical financial metrics including revenue, profitability, liquidity, and solvency, the study illustrates Jio's swift adoption and how it has reshaped the competitive landscape of the Indian telecom sector. The analysis found that Jio's aggressive pricing strategy, widespread network coverage, and innovative service offerings have played a major role in its market dominance and financial health.

The methodology used for this paper includes a year-on-year analysis of Jio's financial statements over five years, and the study of different financial ratios and analysis to determine its analytical performance. Despite high levels of competition in the market, Jio's profitability has remained relatively high as of the date of this report due to targeted investments and cost management within the business. It also examines how Jio's success is a disruptor in the telecom landscape, shaking up market dynamics and regulatory frameworks.

Overall, this thesis highlights how crucial it is for companies to manage their finances strategically in order to achieve sustainable growth and gain a competitive edge in the telecom sector. The findings help investors, policymakers, industry analysts, and observers gain a better understanding of the evolving landscape of the telecom sector and Jio's role in shaping the landscape in the future

INTRODUCTION

Financial analysis, (or financial statement analysis), (also referred to as accounting analysis or finance analysis), is the evaluation of a company, its divisions, its projects, or its investments based on information in past or projected financial statements. The research conducted here is to study the financial statements of Reliance Industries Limited (RIL) on the basis of financial ratios profitability, liquidity, solvency, and efficiency which analyses the account of RIL based on market conditions that help in proving that the financial growth of RIL. It also seeks to analyse the strengths, weaknesses, opportunities, and threats, which would aid in understanding the key elements that drive RIL's future outlook for investors and stakeholders as well as policymakers.

Financial analysis, (or financial statement analysis), (also referred to as accounting analysis or finance analysis), is the evaluation of a company, its divisions, its projects, or its investments based on information in past or projected financial statements. The research conducted here is to study the financial statements of Reliance Industries Limited (RIL) on the basis of financial ratios profitability, liquidity, solvency, and efficiency which analyses the account of RIL based on market conditions that help in proving that the financial growth of RIL. It also seeks to analyse the strengths, weaknesses, opportunities, and threats, which would aid in understanding the key elements that drive RIL's future outlook for investors and stakeholders as well as policymakers.

The Indian telecommunications industry has undergone significant changes over the past decade, driven by technological advancements, regulatory reforms, and increased consumer demand for data services. Reliance Jio's entry into the market marked a turning point, as the company introduced disruptive pricing strategies and innovative service offerings that reshaped the competitive landscape. By providing affordable data plans and extensive network coverage, Jio rapidly gained a large customer base, surpassing established players in the industry.

Data and Methodology: The data used in this research work is obtained from the financial statements of Jio for previous five years. Furthermore, the article addresses the macroeconomic and regulatory context and examines external events' effects on Jio's financial performance. The comparison of Jio's activity and other players will serve as a benchmark for evaluation of Jio's market position in the industry. the study punishes the assessment of Jio's financial performance in terms of its contribution to the overall financial performance of the conglomerate; and explains that the telecom division is a strategic driver for the conglomerate as a whole.

OBJECTIVES OF THE STUDY

This study intends to give investors, stakeholders, and policymakers important insights into what lies ahead for Reliance Jio by analysing key financial indicators like revenue, profitability, cash flow, and assets; analysing how market conditions affect Jio's financial growth; and identifying the company's strengths, weaknesses, opportunities, and threats. By connecting consumer behaviour and satisfaction levels to market share and financial growth, it also seeks to examine how price and customer satisfaction affect financial outcomes.

Examining patterns and trends in Reliance Jio's financial data is another important objective. One can identify areas for improvement, growth trends, and any warning indications by analyzing the company year over year. To assess Reliance Jio's market position, the study will also compare Jio's financial performance to that of other major telecom sector players and measure Jio's performance against that of its competitors.

STATEMENT OF PROBLEM

The financial performance of Reliance Jio, a major player in India's telecom sector, is shaped by a mix of internal and external factors. Unfortunately, the lack of detailed financial data makes it tough to conduct a thorough analysis of its true profitability and stability. When trying to compare Jio's financials with those of its competitors, things get tricky due to the differences in their business models and revenue structures. On top of that, uncertainties in government policies—like spectrum pricing and telecom regulations—pose risks that can affect financial sustainability. Lastly, the fast-paced technological advancements, such as 5G and AI-driven services, could significantly change financial forecasts, complicating the assessment of long-term financial health. This study aims to tackle these challenges and shed light on Reliance Jio's financial strengths, risks, and future potential.

LITERATURE REVIEW

The literature review on the financial analysis of Reliance Jio notes a few studies that shed light on how the company has shaken up the market and satisfied its customers. Thomas Joy et al. (2018) studied the disruptive nature of Reliance Jio in the telecom sector and strategies like broad distribution, high 4G speed offering, pricing, and customer satisfaction rates. They found that Jio's subscriber base grew significantly, and concluded that Jio had disrupted the market and was now the fourth-largest wireless telecom service provider in India.

Venkatesan et al. (2019) studied consumer satisfaction with Reliance Jio, and most customers were satisfied with Jio's services, especially from the 21-30 age group and monthly earning of ₹15,000-₹20,000. research revealed high retention and goodwill for the company led by Jio's good facilities and competitive pricing. Narasimhan and Rajkumar analysed that Jio's entry in the market has a significant effect on major telecom companies within the country with a noticeable difference of profits in pre-Jio era and post Jio launch Anil Kumar Goyal and Gaurav Malhotra also showed similar trends of significant change in the financial performance of major Indian telecom companies after the Jio's market entry.

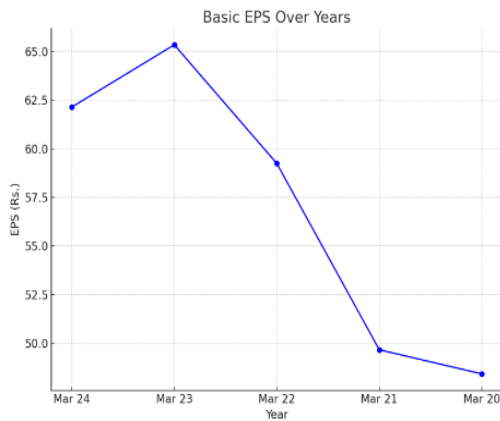
Further research has delved into the wider effects of Jio's entry into the telecom sector. Singh (2017) performed a SWOT analysis on Reliance Jio, pinpointing possible strategies that could give it a competitive edge. Meanwhile, Haq (2017) and Satyanarayana et al. (2017) examined how Jio's arrival has influenced industry balance and the surge in mergers and acquisitions among its rivals. Together, these studies emphasize the groundbreaking impact Reliance Jio has had on the Indian telecom landscape, showcasing its innovative approaches, market disruption, and substantial effect on the dynamics of the industry.

RESEARCH METHODOLOGY

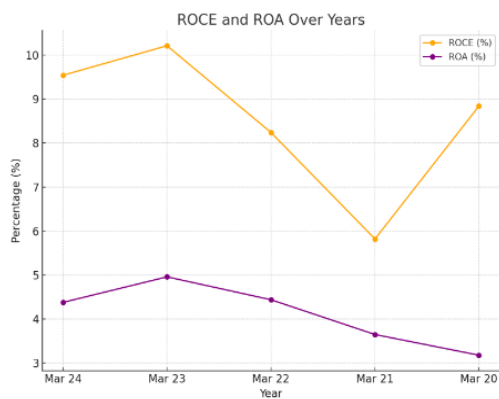
In essence, a research method is an organized strategy for conducting research. Although it includes both qualitative and quantitative methods, we have chosen to use the quantitative approach for this investigation. In order to test theories and make sense of data, this method focuses on finding traits, tallying them, and creating statistical models.

DATA COLLECTION METHOD USED: SECONDARY DATA

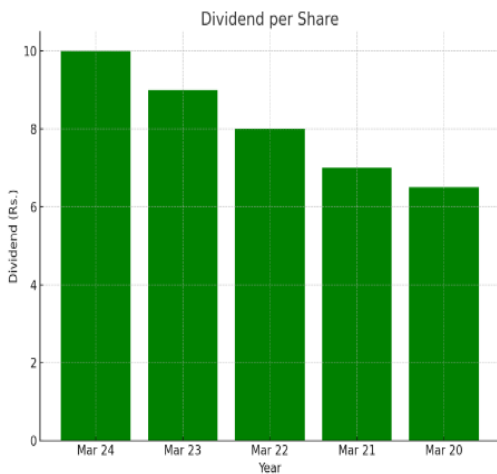
1. Industry reports: To acquire quantifiable information, market trends, and industry benchmarks pertaining to logistics and freight supply chain management, we will examine in-depth publications from government agencies, statistical research companies, and industry associations.
2. Organization reports: To learn more about the supply chain procedures, technological investments, and overarching business strategies of a few chosen shipping and freight businesses, we will examine their annual reports, sustainability reports, and financial statements.
3. Online databases: To strengthen our comprehension of contemporary concerns and developments in supply chain management, we will access pertinent scholarly publications, articles, and white papers through online databases and archives.
4. Uncontrolled variables: The variables are left unaltered in descriptive research. The researcher has no control over the characteristics of the variables or how they behave because this method depends on observational methods.

DATA ANALYSIS OF RELIANCE JIO USING DIFFERENT RATIOS FOR PAST 5 YEARS**Fig 1.1 - INTERPRETATION**

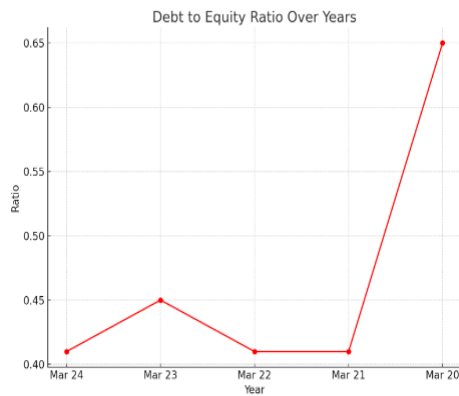
The EPS showed a declining trend from March 2020 to March 2021. It then improved significantly, peaking in March 2023. A slight dip occurred in March 2024, but EPS remained strong overall.

**Fig 1.2 - INTERPRETATION**

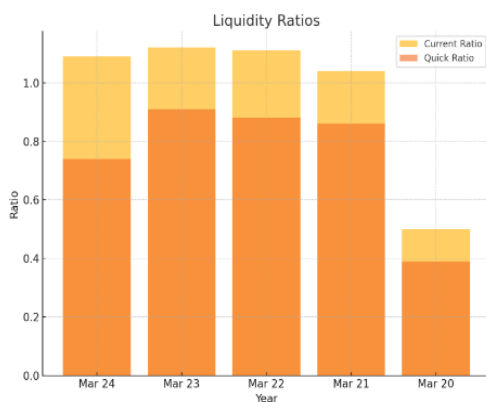
ROCE and ROA both declined from March 2020 to March 2021, indicating reduced efficiency in asset and capital usage. Both metrics recovered in the following years, peaking in March 2023.

**Fig 1.3 - INTERPRETATION**

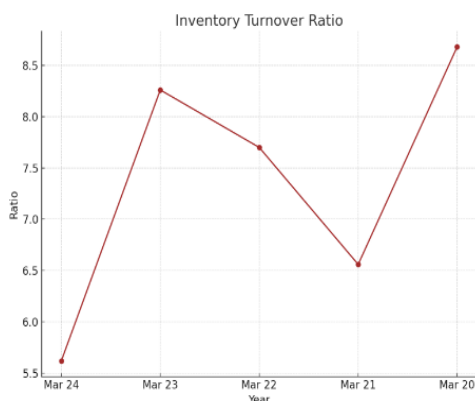
The dividend per share increased consistently from ₹6.5 in March 2020 to ₹10 in March 2024. This reflects a steady improvement in the company's profit distribution policy over the years. Higher dividends suggest growing confidence in earnings and shareholder returns.

**Fig 1.4 - INTERPRETATION**

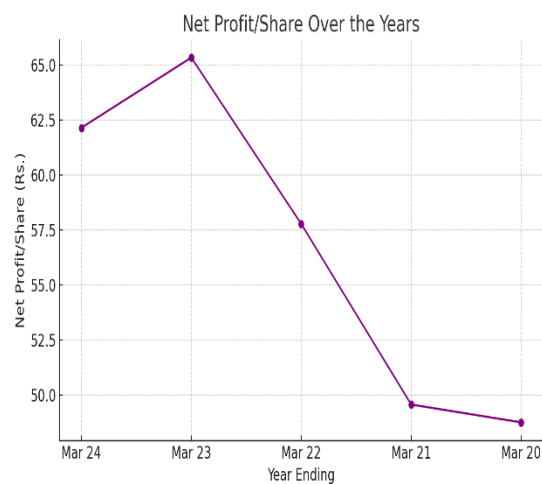
The debt-to-equity ratio was highest at 0.65 in March 2020, indicating higher reliance on debt. It declined steadily and remained low between March 2021 and March 2024, showing improved financial stability.

**Fig 1.5 - INTERPRETATION**

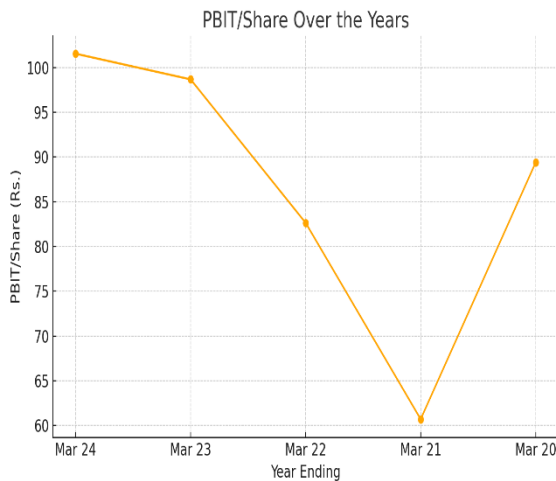
Liquidity has improved steadily from Mar 20 to Mar 24, with both current and quick ratios rising. This indicates better short-term financial health and stronger working capital management.

**Fig 1.6 - INTERPRETATION**

Inventory turnover peaked in Mar 20 and Mar 23 but dropped sharply in Mar 24, suggesting declining efficiency in inventory management or slower sales recently.

**Fig 1.7 - INTERPRETATION**

Net profit per share rose until Mar 23 but slightly declined in Mar 24, indicating a minor dip in profitability despite overall improvement over five years.

**Fig 1.8 - INTERPRETATION**

PBIT per share recovered strongly after a dip in Mar 21, reaching its highest in Mar 24, reflecting solid operating performance and cost control.

FINDINGS

Reliance Jio's five-year financial analysis shows a solid growth trajectory, especially in terms of dividend payments, liquidity, and profitability. Important metrics like EPS, ROCE, and net profit per share generally improved despite some oscillations. The business showed good cost control and kept its debt levels low. Dominance in the market was largely attributed to strategic pricing and extensive network expansion. Slight declines in recent indicators, such as net profit per share and inventory turnover, point to areas that require attention.

RECOMMENDATIONS

Dependency To keep its competitive edge, Jio should keep concentrating on infrastructure investment and technological innovation. Recent declines in performance can be lessened by improving inventory and operational effectiveness. Future growth may be fueled by expanding service offerings beyond telecom, such as fintech and digital content. To boost investor confidence, the business should also make financial disclosures more transparent. Adapting to changing market conditions will be made easier with regular benchmarking with rivals

CONCLUSION

Despite some ups and downs in some financial ratios, Reliance Jio's financial analysis over the last five years shows a truly dynamic performance, with the company experiencing impressive growth in key areas like revenue and profitability. Jio's clever pricing strategies and promotional efforts have been instrumental in increasing its market presence and attracting new customers, solidifying its position as a major player in the Indian telecom landscape. Reliance Jio has maintained a solid financial position despite the competition and other market obstacles. The company's success has been largely attributed to its emphasis on infrastructural development, technical innovation, and client happiness. Stakeholders, including investors, legislators, and industry experts, may better understand Reliance Jio's financial trends and strategic direction in the dynamic telecom business thanks to the insightful information this report offers.

IMPLICATIONS FOR FUTURE RESEARCH

Future research can examine how Jio's profitability and service delivery will be affected financially by the introduction of 5G and AI integration. Research comparing Jio to major international telecom companies could provide information about international competitiveness and best practices. Consumer satisfaction and behaviour in relation to financial performance can be investigated further. A longer-term longitudinal study could provide a more accurate assessment of Jio's growth sustainability. A thorough grasp of industry risks can be obtained by investigating how regulations and policies affect financial results.

BIBLIOGRAPHY

1. CanvasBusinessModel. (n.d.). *Mission, vision & core values of Reliance Jio*. <https://www.canvasbusinessmodel.com/mission-vision-core-values-of-reliance-jio/>
2. FoneArena. (2023, February 23). *Telecom subscriber base increases marginally as Jio, Airtel gain subscribers in January 2023: TRAI*. <https://www.fonearena.com/blog/389001/tra-telecom-subscriber-base-january-2023.html>
3. GAP Gyan. (n.d.). *Indian telecom industry: Evolution, present scenario & future challenges* (pp. 91–98). <https://www.gapgyan.org>
4. Moneycontrol. (n.d.). *Reliance Industries key financial ratios, financial statement & accounts*. <https://www.moneycontrol.com/financials/relianceindustries/ratiosVI/RI>

-
5. Reliance Industries Limited. (n.d.). *Reliance Jio – True 5G / Telecom India / Spectrum / Broadband Network*. <https://www.ril.com>
 6. Reliance Industries. (n.d.). *Wikipedia*. https://en.wikipedia.org/wiki/Reliance_Industries
 7. Reliance Group. (n.d.). *Wikipedia*. https://en.wikipedia.org/wiki/Reliance_Group
 8. Reliance Jio. (n.d.). *Wikipedia*. <https://en.wikipedia.org/wiki/Jio>