

FUNDAMENTAL OF MANAGEMENT (MG- 302)



DELHI TECHNOLOGICAL UNIVERSITY(DTU)

PROJECT REPORT

ON

TOPIC: CASE STUDY ON RELIANCE INDUSTRY

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RELIANCE INDUSTRY



OVERVIEW

Reliance Industry is a very prominent multi-industry company who engages in many industries such as petrochemical, textile, retail and telecommunication. Reliance Industry is the largest company of India by market capitalization and revenue (around 6.59 lakh crores INR in 2020).

In the year 1966 the RIL was founded by Shri Dhirubhai H.Ambani, it was started as a small textile manufacturer unit. In May 8 1973, Dhirubhai Ambani changed the name of Reliance Commercial Corporation to Reliance Industries Limited (RIL). Over the years, the company has transformed their business from manufacturing of textiles products into a petrochemical major.

In 1991, the Hazira Manufacturing Division was commissioned as a petrochemical plant of Reliance. In the year 1995-96, the company entered the telecom industry through a joint venture with NYNEX, USA and promoted Reliance Telecom Private Limited in India. In 2002, Reliance Industry discovered India's biggest gas discovery which is the world's largest gas discovery during that time and it was also the first discovery made by an Indian private company.

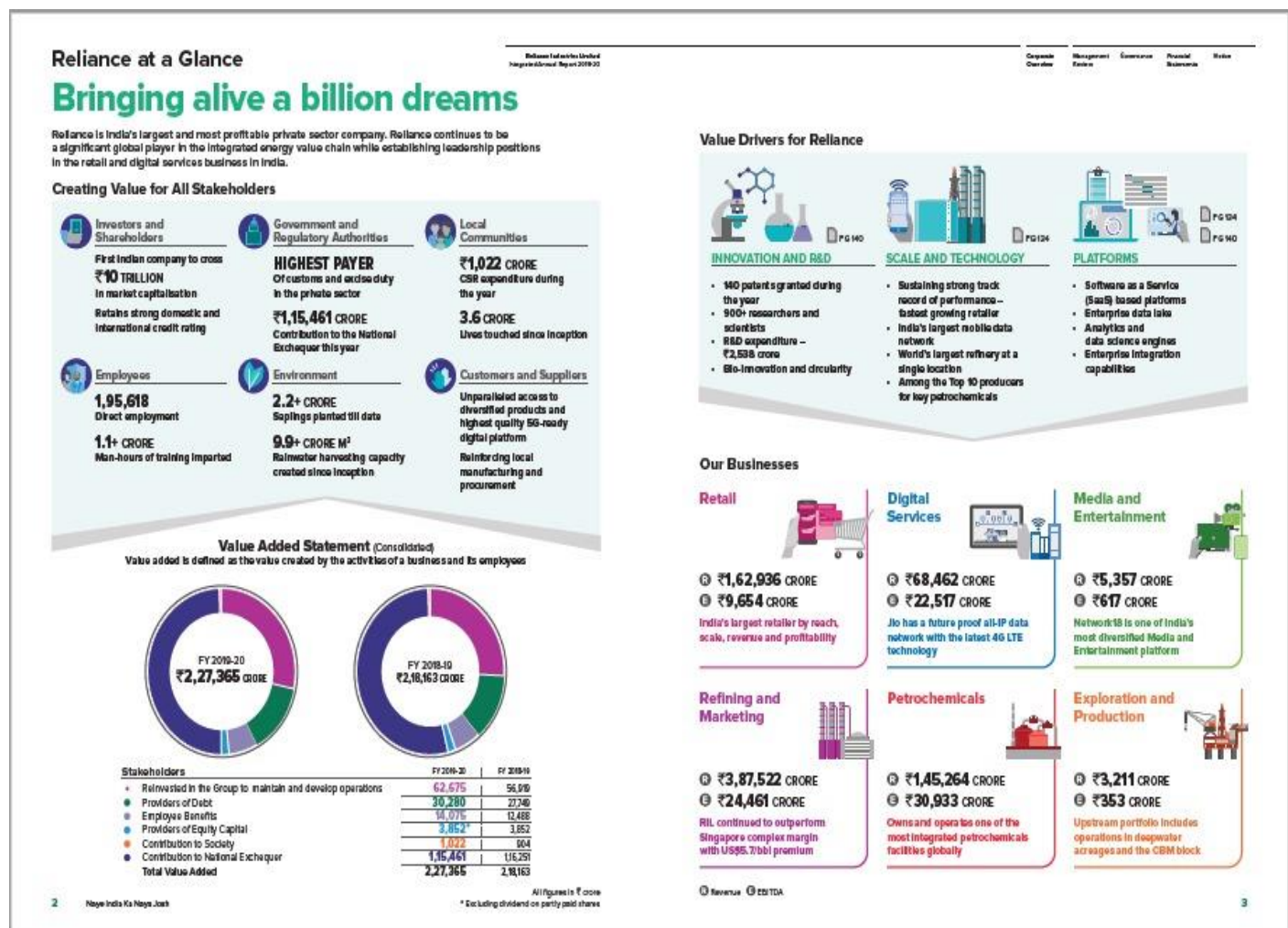
In 2006, Reliance Industry entered into the Retail business under the brand name of reliance fresh. By the end of 2008, 600 stores of Reliance fresh opened across the 57 cities in India. In 2010, Reliance Industry acquired Infotel Broadband Services Limited to launch his own 4G Internet Service and call service. Later they launched his own Company named it Reliance Jio to provide internet and calling service.

So this is the Journey of Reliance Industries.

Some Facts and figures of reliance industries:

Reliance Industries is India's largest private sector company in all major financial parameters. It is also the most profitable company in India. Reliance is the biggest exporter of India who contributes 8% of the total export value of India. Reliance Industry exports its goods to 108 countries. Reliance Industry ranks 106 in the fortune 500 list and 8th in the Top 250 Global Energy company. It is also the highest income tax payer in India. Reliance Industries is the first Indian company who has exceeded the market capitalization of \$100 Billion. In fiscal year 2020, Reliance Industries Limited contributed over 1.15 trillion Indian rupees to India's national exchequer.

Reliance at a glance



Business Model of Reliance Industry

Reliance Industry runs several businesses and every business has its own business & revenue model. Here we will discuss the business model and revenue model of its major business.

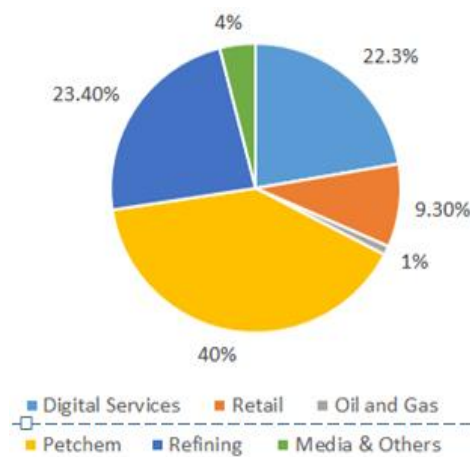
1. Refining Business

Reliance's core business is refining business. Reliance buys crude oil from overseas markets and then refine them in their refineries and produce petroleum products.

After the Refining, Reliance sells these petroleum products in the Indian and overseas market. Reliance mostly exports its petroleum products to other countries. Most of the revenue of Reliance Industry comes from Refined Petroleum products.

2. Petrochemicals

Reliance's second major business is Petrochemicals and the second major source of its revenue is petrochemical. So, Reliance produces and markets petrochemical products like Olefins and Aromatics which is used to make detergent and plastic. Companies owned under Petrochemical Retail are Reliance gas, Reliance aviation.



3. Reliance Retail

Meanwhile, Reliance Retail is another core business of the reliance industry and founded in 2006. Also, it is the first Indian retail company whose revenue is more than 100000 crore.

Reliance owns a retail chain under the brand name of Reliance fresh where they sell Reliance and other company's products. Companies owned under Reliance retail are Reliance Fresh, Reliance Market, Reliance digital, Trends, AJIO.

4. Reliance Jio

The other core business of reliance is Jio which is India's no. 1 telecommunication brand. In 2019, Jio becomes India's largest mobile network operator and the third-largest network operator in the world in terms of subscribers. Jio also launched Jio Fiber to offer broadband and television services. Reliance Jio's business model is very simple. They have their own network system and

they sell tariff plans. Jio runs his business own cost leadership model, thus jio priced its tariff plan very cheap. Jio makes profit by selling tariff plans in large volumes. This is the strategy that makes reliance Industry such a big company. Jio is the company which is owned by the Reliance industries. Jio is a digital service and it provides various E-services like JioTV, JioMeet, JioSaavn, Jiocinema etc.

5. Other Sources

There is a lot of another source where the revenue of reliance industries come from. Reliance Industry owns Network 18 Group which is a media company. Reliance also owns Mumbai Indian which is an IPL Franchises Team. So there are a lot of sources that contribute to the revenue of Reliance Industry.

Companies Acquired by the Reliance industry

Within 2 years, Reliance acquired companies such as Balaji Telefilms (TV content), EdCast (learning enabler), Embibe (edtech content), Saavn (music content), Radsys (5G architecture), Eros (TV content), Hathway (broadband), DEN (cable), Haptik (customer engagement), Reverie (language processing), Fynd (online shopping), Tesseract (AR/VR), and Grab (logistics).

1. Embibe

In April 2018, Reliance Industries invested \$180 million in the edtech startup Embibe over a period of three years. The investment helped acquire a stake of 72.69 % from Embibe's existing investors. In April 2020, Bengaluru-based startup Embibe received a funding of INR 500 crores from Reliance Industries. Embibe is an education platform that uses data analytics to deliver personalized learning outcomes for students.

2. Fynd

Fynd, the fashion ecommerce platform, was founded in 2012 by Farooq Adam, Harsh Shah, and Sreeraman MG. Fynd functions via an offline-to-online (O2O) model and directly sources products belonging to categories such as clothing, footwear, jewellery, and accessories from prominent brands to sell them in India. It has about 8,000 outlets on board for about 500 clients. Reliance's latest acquisition, Fynd, has an in-house product called the 'Fynd Store'; store managers place order on behalf of the walk-ins in case the desired product is not stocked or not available in the right size in the store. RIL acquired a majority stake in Shopsense Retail Technologies Pvt. Ltd. (which manages Fynd) for INR 295.25 crores (\$41.9 million).

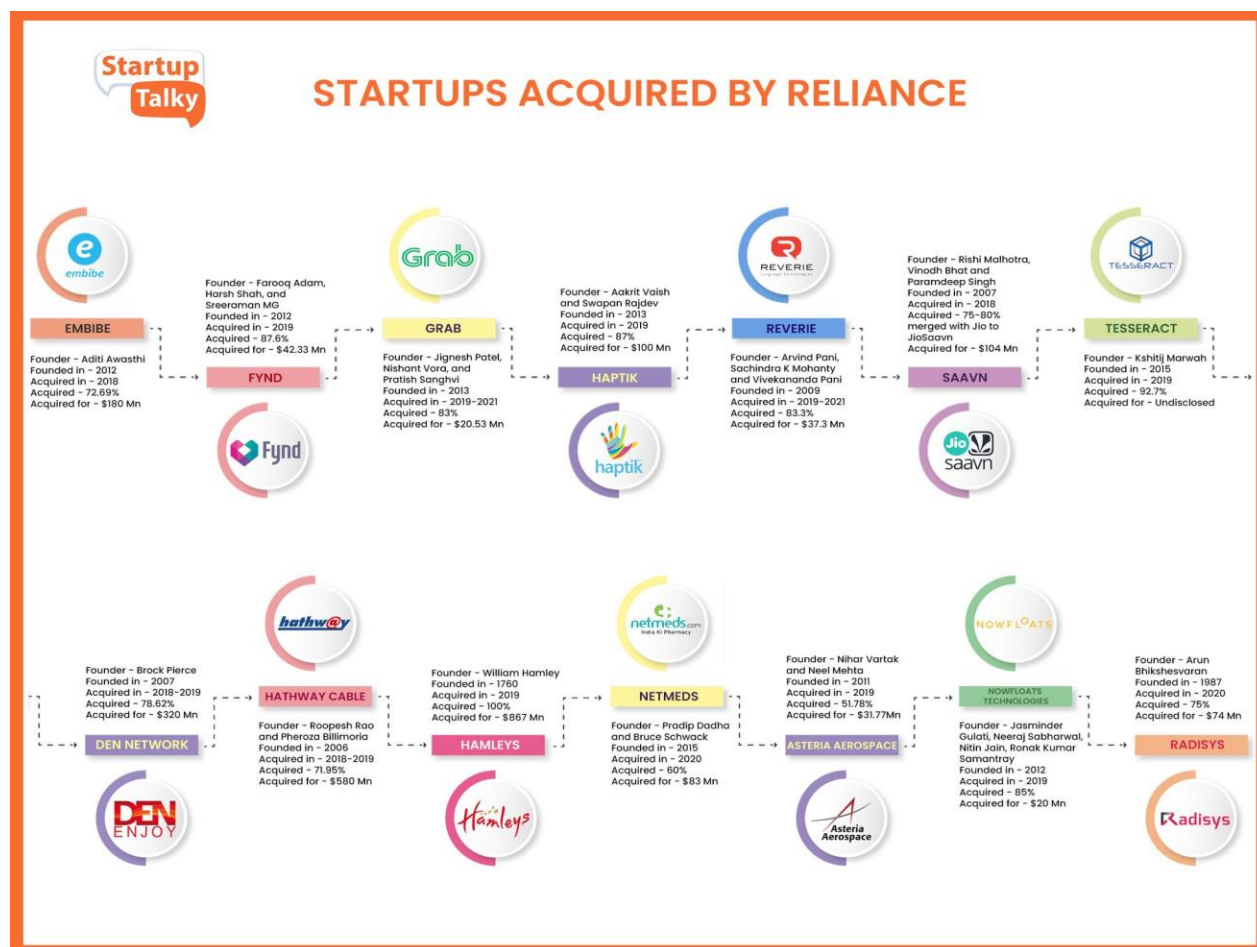


Fig. Reliance Industry Acquisitions

3. Haptik

On April 3, 2019, RIL announced that Reliance Jio Digital Services Limited acquired artificial intelligence (AI) firm Haptik for INR 700 crores (with INR 230 crores as the consideration for the initial business transfer) to compete against Google Assistant and Amazon's Alexa. Thus, Reliance will hold about 87% of the business with the rest being held by Haptik founders and employees through stock option grants. Founded in 2013, Haptik is one of the world's largest conversational AI platforms that let customers coordinate with voice assistants to complete tasks related to online shopping, travel bookings, food delivery, and more.

4. Reverie

In April 2019, RIL acquired a majority stake in Reverie for INR 190 crores (\$27.3 million). It will invest another INR 77 crores (almost \$10 million) by March 2021. As part of the acquisition, Reliance will hold 83.3 % equity capital in Reverie on a fully diluted basis with the total investment of INR 267 crores likely to be completed by March 2021. Reverie provides a

voice suite (called Gopal) in 12 Indian languages like Hindi, Telugu, Tamil, Bengali, Marathi, Gujarati, Indian English, etc. which can be integrated with both chatbots and interactive voice response (IVR) solutions.

5. Saavn

On March 23, 2018, RIL announced a strategic merger of its digital music service JioMusic with 'music over-the-top platform' Saavn. RIL acquired a 75-80 % stake in the merged entity. The company said that the combined entity is valued at over \$1 billion with JioMusic's implied valuation at \$670 million and Saavn at \$330 million. JioSaavn offers about 40 million soundtracks in 15 languages.

6. Tesseract

In August 2019, Reliance acquired a stake of 80-85% in Tesseract. Post the deal, the stake would be valued between INR 150 crores and INR 500 crores. Holoboard would be the first made-in-India AR headset and will be compatible with smartphones. Interestingly, the device is developed by Tesseract. Tesseract is a Mumbai-based VR startup founded in 2015 by Kshitij Marwah. Tesseract has launched three hardware and two software products in the MR, AR, and VR spaces. Post-acquisition, Tesseract developed the Jio HoloBoard as a native mixed reality headset for JioFiber users.

7. Den Networks and Hathway Cable & Datacom Ltd.

Reliance Jio bought a majority stake in Den Networks, Hathway Cable, and Datacom in October 2018. Jio acquired a 66 % stake in Den Networks with a primary investment of INR 2,045 crores and a 51.3 % stake in Hathway Cable & Datacom Ltd. with an initial investment of INR 2,940 crores. Hathway Cable is owned by the Raheja Group while Sameer Manchanda owns DEN Networks. They both are amongst the biggest players in the cable broadband market. The investments were meant to boost the rollout of Jio GigaFiber which is now available. It is a competitor to Bharti Airtel, BSNL, and other broadband providers in India.

8. Hamleys

Reliance Industries completed the acquisition of British toy retailer Hamleys for about INR 620 crores in an all-cash deal in July 2019 when Reliance Brands signed an agreement to acquire a 100% stake in Hamleys Global Holdings from Hong Kong-based C.banner International. RIL stated that Reliance Brands completed the acquisition of 100 % stake of Hamleys Global Holdings (HGHL) through a special purpose vehicle company set up in the United Kingdom. This acquisition will help Reliance Brands become a dominant player in the global toy retail industry. Hamleys was founded by William Hamley in London in 1760. It is one of the world's oldest retailers of toys.

9. Netmeds

On August 19, 2020, Reliance Industries Ltd. has acquired a majority stake in online pharmacy Netmeds for about \$83 million (INR. 620 crores) in cash; days after e-commerce giant Amazon.com Inc launched an online drug sales service in India. The investment represents 60% holding in the equity share capital of Vitalic Health and 100% direct equity ownership of its subsidiaries: Tresara Health Private Limited, Netmeds Market Place Limited, and Dadha Pharma Distribution Pvt. Limited. Netmeds is one of the top online pharmacies in India that deals with a wide range of healthcare products like high-quality prescription medicines, over-the-counter pharmaceuticals, general health care products, Ayurvedic medicines, and homeopathic medicines. It has delivery facilities across India. It is one of India's most trusted pharmacy brands with over 100 years of experience in dispensing quality medicines. Pradeep Dadha founded the company in 2010 and it is headquartered at Chennai, Tamil Nadu.

10. Asteria Aerospace

In December of 2019, RIL-owned subsidiary Reliance Strategic Business Ventures Ltd (RSBVL) acquired a 51.78% stake in robotics and artificial intelligence company Asteria Aerospace Pvt. Ltd. for INR 23.12 crores. Asteria develops drone-based solutions to provide intelligence from aerial data for military use and industrial applications.

11. Radisys

RIL also acquired open telecom solution provider Radisys in June 2020 for \$74 million (INR 511 crores). The deal majorly focused on enhancing Reliance Jio's presence in the areas of 5G, Internet of Things (IoT), and open source architecture adoption.

12. Balaji Telefilms and Eros International

RIL also invested in the entertainment industry. It acquired a 25% stake in film and television production house Balaji Telefilms Ltd., a.k.a ALTBalaji, in a deal worth INR 413.28 crores. The stake purchase will give Reliance Jio Infocomm Ltd. access to the content generated by Balaji Telefilms. RIL also acquired a 5% stake in the film entertainment company Eros International for \$48.75 million.

Financial Analysis of Reliance Industry

RELIANCE INDUSTRY has announced its results for the year ended March 2020. Let us have a look at the detailed performance review of the company during FY19-20.

RELIANCE INDUSTRY Income Statement Analysis

- Operating income during the year rose 0.9% on a year-on-year (YoY) basis.
- The company's operating profit increased by 4.8% YoY during the fiscal. Operating profit margins witnessed a fall and down at 15.3% in FY20 as against 14.7% in FY19.
- Depreciation charges increased by 6.1% and finance costs increased by 33.5% YoY, respectively.
- Other income grew by 66.4% YoY.
- Net profit for the year grew by 0.1% YoY.
- Net profit margins during the year declined from 6.9% in FY19 to 6.7% in FY20.

Reliance Industries

Standalone Profit & Loss account	----- in Rs. Cr. -----				
	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16
	12 months	12 months	12 months	12 months	12 months
INCOME					
Revenue From Operations [Gross]	365,202.00	401,583.00	315,357.00	265,041.00	251,241.00
Less: Excise/Service Tax/Other Levies	29,224.00	29,967.00	25,315.00	23,016.00	18,083.00
Revenue From Operations [Net]	335,978.00	371,616.00	290,042.00	242,025.00	233,158.00
Total Operating Revenues	335,978.00	371,616.00	290,042.00	242,025.00	233,158.00
Other Income	14,541.00	8,822.00	8,220.00	8,709.00	7,582.00

Total Revenue	350,519.00	380,438.00	298,262.00	250,734.00	240,740.00
EXPENSES					
Cost Of Materials Consumed	237,342.00	265,288.00	198,029.00	164,250.00	152,769.00
Purchase Of Stock-In Trade	7,292.00	8,289.00	7,268.00	5,161.00	4,241.00
Operating And Direct Expenses	21,424.00	24,839.00	0.00	0.00	17,328.00
Changes In Inventories Of FG,WIP And Stock-In Trade	77.00	-3,294.00	-3,232.00	-4,839.00	4,171.00
Employee Benefit Expenses	6,067.00	5,834.00	4,740.00	4,434.00	4,260.00
Finance Costs	12,105.00	9,751.00	4,656.00	2,723.00	2,454.00
Depreciation And Amortisation Expenses	9,728.00	10,558.00	9,580.00	8,465.00	9,566.00
Other Expenses	14,306.00	14,252.00	31,496.00	29,763.00	12,757.00
Less: Transfer to / From Investment / Fixed Assets / Others	0.00	0.00	0.00	0.00	2,507.00
Less: Amounts Transfer To Capital Accounts	2,383.00	2,446.00	0.00	0.00	0.00
Total Expenses	305,958.00	333,071.00	252,537.00	209,957.00	205,039.00
	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16
	12 months	12 months	12 months	12 months	12 months
Profit/Loss Before Exceptional, Extra Ordinary Items And Tax	44,561.00	47,367.00	45,725.00	40,777.00	35,701.00
Exceptional Items	-4,245.00	0.00	0.00	0.00	0.00
Profit/Loss Before Tax	40,316.00	47,367.00	45,725.00	40,777.00	35,701.00

Tax Expenses-Continued Operations					
Current Tax	7,200.00	9,440.00	8,953.00	8,333.00	7,802.00
Deferred Tax	2,213.00	2,764.00	3,160.00	1,019.00	482.00
Total Tax Expenses	9,413.00	12,204.00	12,113.00	9,352.00	8,284.00
Profit/Loss After Tax And Before Extra Ordinary Items	30,903.00	35,163.00	33,612.00	31,425.00	27,417.00
Profit/Loss From Continuing Operations	30,903.00	35,163.00	33,612.00	31,425.00	27,417.00
Profit/Loss For The Period	30,903.00	35,163.00	33,612.00	31,425.00	27,417.00
	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16
	12 months	12 months	12 months	12 months	12 months
OTHER ADDITIONAL INFORMATION					
EARNINGS PER SHARE					
Basic EPS (Rs.)	48.75	55.48	53.08	96.90	84.66
Diluted EPS (Rs.)	48.75	55.47	53.04	96.73	84.66
VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIALS					
Imported Raw Materials	0.00	0.00	0.00	0.00	140,109.00
Indigenous Raw Materials	0.00	0.00	0.00	0.00	12,660.00
STORES, SPARES AND LOOSE TOOLS					
Imported Stores And Spares	0.00	0.00	0.00	0.00	1,810.00
Indigenous Stores And Spares	0.00	0.00	0.00	0.00	2,955.00

DIVIDEND AND DIVIDEND PERCENTAGE					
Equity Share Dividend	3,852.00	3,554.00	3,255.00	0.00	3,095.00
Tax On Dividend	732.00	728.00	661.00	0.00	605.00
Equity Dividend Rate (%)	65.00	65.00	60.00	110.00	105.00

RELIANCE INDUSTRY Balance Sheet Analysis

- The company's current liabilities during FY20 stood at Rs 4,129 billion as compared to Rs 3,140 billion in FY19, thereby witnessing an increase of 31.5%.
- Long-term debt down at Rs 1,976 billion as compared to Rs 2,075 billion during FY19, a fall of 4.8%.
- Current assets rose 14% and stood at Rs 2,583 billion, while fixed assets rose 11% and stood at Rs 6,418 billion in FY20.
- Overall, the total assets and liabilities for FY20 stood at Rs 11,659 billion as against Rs 10,024 billion during FY19, thereby witnessing a growth of 16%.

Reliance Industries

Standalone Balance Sheet

----- in Rs. Cr. -----

	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16
	12 months	12 months	12 months	12 months	12 months
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	6,339.00	6,339.00	6,335.00	3,251.00	3,240.00
Total Share Capital	6,339.00	6,339.00	6,335.00	3,251.00	3,240.00
Reserves and Surplus	418,244.00	398,983.00	308,297.00	285,058.00	236,936.00
Total Reserves and Surplus	418,244.00	398,983.00	308,297.00	285,058.00	236,936.00

Total Shareholders' Funds	424,583.00	405,322.00	314,632.00	288,309.00	240,176.00
Equity Share Application Money	1.00	0.00	15.00	4.00	8.00
NON-CURRENT LIABILITIES					
Long Term Borrowings	178,751.00	118,098.00	81,596.00	78,723.00	77,866.00
Deferred Tax Liabilities [Net]	50,556.00	47,317.00	27,926.00	24,766.00	13,159.00
Other Long Term Liabilities	3,428.00	504.00	504.00	0.00	0.00
Long Term Provisions	1,410.00	2,483.00	2,205.00	2,118.00	1,489.00
Total Non-Current Liabilities	234,145.00	168,402.00	112,231.00	105,607.00	92,514.00
CURRENT LIABILITIES					
Short Term Borrowings	51,276.00	39,097.00	15,239.00	22,580.00	14,490.00
Trade Payables	71,048.00	88,241.00	88,675.00	68,161.00	54,521.00
Other Current Liabilities	186,787.00	73,900.00	85,815.00	60,817.00	54,841.00
Short Term Provisions	1,072.00	783.00	918.00	1,268.00	1,170.00
Total Current Liabilities	310,183.00	202,021.00	190,647.00	152,826.00	125,022.00
Total Capital And Liabilities	968,912.00	775,745.00	617,525.00	546,746.00	457,720.00
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	297,847.00	194,895.00	191,879.00	145,486.00	91,477.00
Intangible Assets	8,624.00	8,293.00	9,085.00	9,092.00	39,933.00
Capital Work-In-Progress	15,638.00	105,155.00	92,581.00	128,283.00	97,296.00
Intangible Assets Under Development	12,327.00	6,402.00	6,902.00	4,458.00	9,583.00

Fixed Assets	334,436.00	314,745.00	300,447.00	287,319.00	238,289.00
Non-Current Investments	419,073.00	272,043.00	171,945.00	140,544.00	112,630.00
Long Term Loans And Advances	44,348.00	31,806.00	17,699.00	10,418.00	16,237.00
Other Non-Current Assets	4,458.00	4,287.00	3,522.00	2,184.00	0.00
Total Non-Current Assets	802,315.00	622,881.00	493,613.00	440,465.00	367,156.00
CURRENT ASSETS					
Current Investments	70,030.00	59,640.00	53,277.00	51,906.00	39,429.00
Inventories	38,802.00	44,144.00	39,568.00	34,018.00	28,034.00
Trade Receivables	7,483.00	12,110.00	10,460.00	5,472.00	3,495.00
Cash And Cash Equivalents	8,443.00	3,768.00	2,731.00	1,754.00	6,892.00
Short Term Loans And Advances	15,028.00	4,876.00	3,533.00	4,900.00	11,938.00
Other Current Assets	26,811.00	28,326.00	14,343.00	8,231.00	776.00
Total Current Assets	166,597.00	152,864.00	123,912.00	106,281.00	90,564.00
Total Assets	968,912.00	775,745.00	617,525.00	546,746.00	457,720.00
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	68,624.00	111,869.00	66,970.00	73,386.00	79,905.00
CIF VALUE OF IMPORTS					
Raw Materials	0.00	0.00	0.00	0.00	146,516.00
Stores, Spares And Loose Tools	0.00	0.00	0.00	0.00	4,142.00
Capital Goods	0.00	0.00	0.00	0.00	13,897.00

EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	260,280.00	307,558.00	221,977.00	0.00	8,013.00
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	-	-	-	-	1,311.00
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	-	-	-	-	137,634.00
Other Earnings	284,196.00	214,337.00	169,763.00	-	198.00
BONUS DETAILS					
Bonus Equity Share Capital	5,188.89	5,188.89	5,188.89	2,108.56	2,108.56
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	27,475.00	12,937.00	12,182.00	15,991.00	30,647.00
Non-Current Investments Unquoted Book Value	391,801.00	259,314.00	160,045.00	124,851.00	83,583.00
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	31,814.00	24,017.00	13,133.00	10,731.00	9,949.00
Current Investments Unquoted Book Value	38,216.00	35,623.00	40,144.00	41,175.00	29,870.00

RELIANCE INDUSTRY Cash Flow Statement Analysis

- RELIANCE IND.'s cash flow from operating activities (CFO) during FY20 stood at Rs 981 billion, an improvement of 131.6% on a YoY basis.
- Cash flow from investing activities (CFI) during FY20 stood at Rs -757 billion on a YoY basis.
- Cash flow from financial activities (CFF) during FY20 stood at Rs -25 billion on a YoY basis.
- Overall, net cash flows for the company during FY20 stood at Rs 198 billion from the Rs 37 billion net cash flows seen during FY19.

Reliance Industries

Cash Flow	----- in Rs. Cr. -----				
	Mar 20 12 months	Mar 20 12 months	Mar 19 12 months	Mar 19 12 mths	Mar 18 12 months
Net Profit/Loss Before Extraordinary Items And Tax	0.00	40,316.00	47,367.00	0.00	45,725.00
Net CashFlow From Operating Activities	0.00	76,560.00	29,191.00	0.00	62,000.00
Net Cash Used In Investing Activities	0.00	-142,652.00	-53,949.00	0.00	-59,109.00
Net Cash Used From Financing Activities	0.00	70,767.00	25,795.00	0.00	-1,914.00
Net Inc/Dec In Cash And Cash Equivalents	0.00	4,675.00	1,037.00	0.00	977.00
Cash And Cash Equivalents Begin of Year	0.00	3,768.00	2,731.00	0.00	1,754.00
Cash And Cash Equivalents End Of Year	0.00	8,443.00	3,768.00	0.00	2,731.00

Stock Market Report

Reliance is a very good company to invest on but throughout past few years we have seen a little downfall in the stock market value of reliance since the last year and we can see a clear reason for this because of COVID-19 and all.

Fig. NSE Historical Prices Fluctuation of Reliance Industries



Historical Prices

From Date To Date Daily

Fig. BSE Historical Prices Fluctuations of Reliance Industries



Historical Prices

From Date To Date Daily



Fig. Stock Performance of Last One Year of Reliance Industry

RIL and India's stock market growth

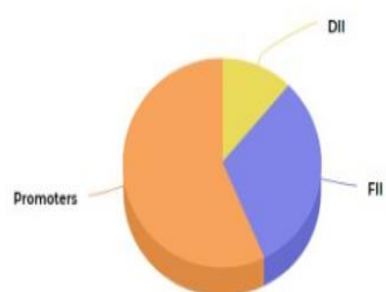
Reliance shares have grown handsomely during the pandemic against all odds. Mukesh Ambani, the chairman of RIL, has been on a mission to expand the conglomerate from its traditional energy and oil business.

According to data compiled by Bloomberg, RIL accounted for nearly a fifth of the 75 per cent surge in the S&P BSE Sensex since March. That is literally double the contribution of Apple Inc has made to gains in the S&P 500 index over the same period.

Market experts said Reliance's recent fundraising drive has sharply increased its stock market valuation. They expect RIL's valuation to further rise next year, indicating that the company's stockholders are in a sweet spot at the moment.

Shareholding Pattern

Total Shareholding



Showing Shareholding as on 31 Mar 2021

CATEGORY	NO. OF SHARES	PERCENTAGE	% CHANGE QOQ
Promoters	6,64,62,29,962	101.16 %	↑50.62
Pledge	0	0.00 %	0.00
FII	3,65,90,75,744	55.70 %	↑28.41
DII	1,37,07,83,230	20.88 %	↑10.10
MF	58,24,76,174	8.86 %	↑4.01
Others	1,84,80,48,692	-77.74 %	↓-89.13

Reliance Industry CSR Activities

RIL has impacted the society and community through its responsible actions, at large. In alignment with the Companies Act 2013, RIL established the **Reliance Foundation RF**. This foundation takes care of corporate social initiatives of RIL. The significant tangible impact has been created in India through CSR activities of RIL.

Reliance Foundation (RF) is a not-for-profit organization established by RIL to bring about changes in Indian society seamlessly.

RF is a committed player in improving the quality of life of the underprivileged by zeroing in on different focus areas – education, disaster response, sports for development, rural transformation, arts culture and heritage and urban renewal.

Established in the year 2010, the Reliance foundation is led by Mrs Nita M Ambani. The foundation and its philanthropic initiatives have created a positive impact on more than 12 million people in 10500 villages across India.

Corporate Social Responsibility at the RF – Reliance aims to align its business goals and priorities with social commitments. The strategy is to provide as much holistic development to people and local communities as possible.

CSR Policy of Reliance

Reliance foundation concentrates on Reliance CSR activities by focusing on the three pillars –

1. Endless direct engagement with the society and community,
2. Creating relationships, partnerships and collaborations with institutions and
3. expanding and using the power of IT

According to Reliance Corporate Social Responsibility policy, sustainable development is at the core of its business decisions, and therefore it has aligned its sustainability strategy with its business goals.

Reliance Industries CSR Report

All the qualifying Indian companies are supposed to spend 2% of their three years average profit on CSR activities.

In the financial year 2016-17, the RF spent INR 659.20 crores of INR 620.41 crores prescribed. Following that year in 2017-18, the Reliance Foundation spent INR 745.04 crores of the expected INR 703.08 crores. And in the year 2018-19, the RF spent INR 849.32 crores on CSR activities, out of the INR 811.16 crores prescribed on initiatives of RIL.

Reliance Industries Limited spent Rs. 1,022 crores on CSR (Corporate Social Responsibility) programmes and projects during the financial year (FY) 2019-20. Total CSR spending includes

Rs 228.80 crore towards contribution to Reliance Foundation Institution of Education Research (RFIER), as Corpus for the proposed University project. Expenditure of Rs 500 crore on Disaster Relief includes contribution to PM CARES Fund and Rs. 56 crores to other various relief funds.

Reliance has always been dedicated to spending more than the prescribed budget. Their estimated prescribed CSR budget is INR 892.46 crores.

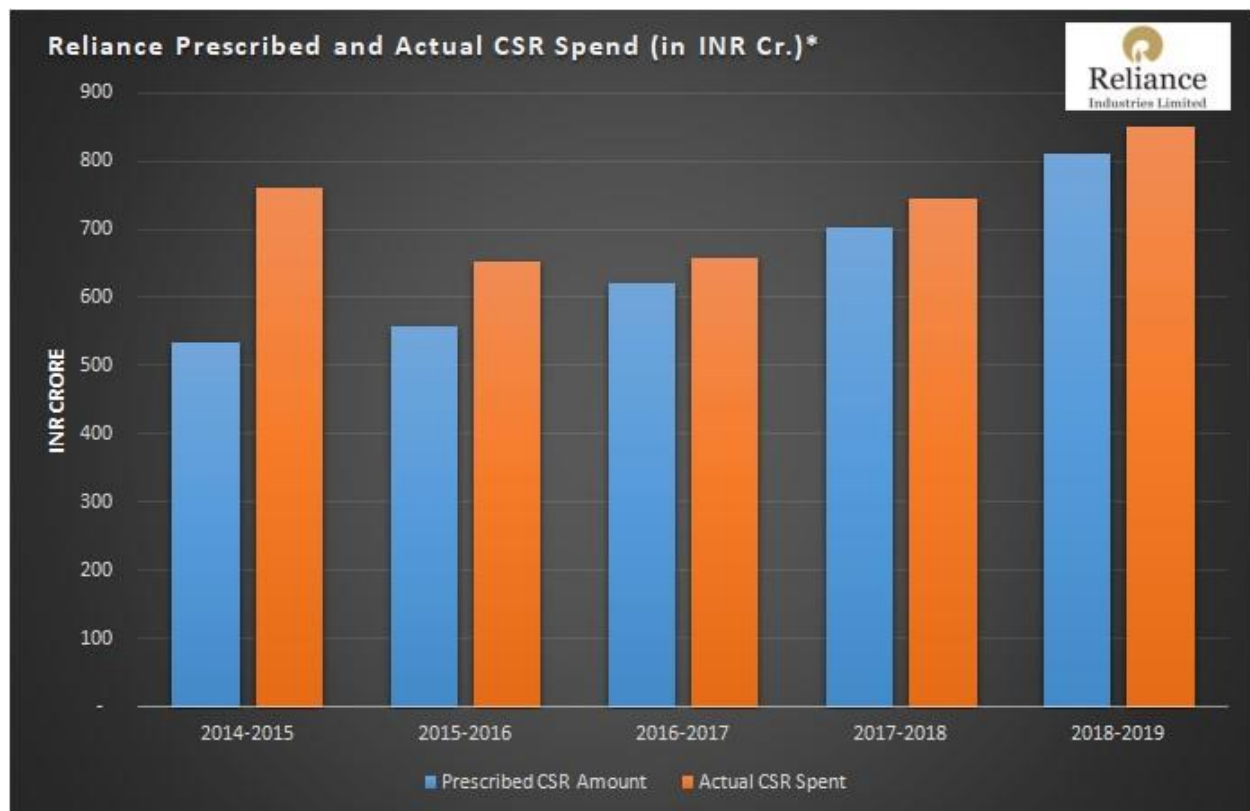


Fig. The Graph shows the CSR Budget vs. CSR spend by RIL Ltd in the last five years

Reliance Foundation CSR Activities

1. Rural Transformation

RIL works diligently and tirelessly towards bridging the gap between 'India' and 'Bharat'. Here are some of the initiatives of RIL that have been making a difference:

- i) **Water conservation and harvesting projects:** Reliance Foundation has engaged with over 500 villages to provide water security. They help rural communities secure water for drinking purposes along with agricultural needs. RF has created over 10,000 structures like wells, farm ponds, check dams, earthen dams and masonry dams. They've also created 'water use groups' for farmers for effective water management.

- ii) **Building Institutions:** Reliance Foundation has participated actively in a time of crisis. They have helped over 86000 rural households in over 1200 villages across 12 states in India during times of crises.

2. Education

Reliance Industries CSR works closely on educational activities with educational institutions all over the country. They aim to provide better quality education, scholarships, sports development and access to higher education. Few of their projects:

- i) **Dhirubhai Ambani Scholarship Programme:** Initiated in 1996, the Dhirubhai Ambani Scholarship Programme aims to empower the youth by providing scholarships to meritorious students. The scholarship is offered to class 12th students to carry on their higher education for courses like medical and engineering. Of all the 10921 students selected, half of them are girls and one-fourth are specially-abled children.
- ii) **Reliance Dhirubhai Ambani Protsaham Scheme:** The Reliance Dhirubhai Ambani Protsaham Scheme enables financially disadvantaged meritorious students of class 10th to attend junior college. 12000+ students have received the benefit out of which 2263 were differently-abled.
- iii) **Jio Schools** – Intending to improve the quality of teaching and learning process for quality education, Reliance Foundation has set up Jio Schools. In association with the Department of Education, Government of Andhra Pradesh and Gujarat, they've promoted education with the help of Jio technology.
- iv) **Reliance Foundation Jr, NBA** – In order to promote sports for development, the Reliance Foundation Jr, NBA has been established. It is a school-based basketball programme. It has touched the lives of 28 lakh youth since its inception in 2013.
- v) **Young Champs Programme:** Reliance believes in promoting sports for development to its full potential. Young Champs is yet another sports-based programme. It provides for development scholarship for a full-time residential football plus education programme. Through this programme, 23 children were allowed to develop their football skills, 34500+ footballs were distributed in 6520 villages and youth clubs to promote football.

3. Health Care

Reliance Foundation has set up static and mobile medical and healthcare units across Maharashtra, Madhya Pradesh Uttarakhand, Gujarat, Uttar Pradesh and Andhra Pradesh. They have eight fully-functioning and equipped mobile medical units and four static medical units.

Other medical and health care projects and initiatives:

i) **Women's Health Care:**

- The 'Adolescent Girls' Holistic Development Programme': This initiative includes workshops and interactive learning sessions with girls on once-taboo topics like intimate hygiene, menstruation, healthy diet, etc.

- Mother and child initiative: Reliance Foundation works on women's health in rural and urban areas to educate them about nutrition, anaemia, along with pre and post-pregnancy care.
- Healthcare awareness camps were organized for pregnant women and lactating mothers. Sessions on pre- and post-natal care and early childhood education along with protection against the spread of seasonal diseases were held. Over 1,000 pregnant women were provided with antenatal and post-natal care services.
- ii) **Dhirubhai Ambani Hospital:** The Dhirubhai Ambani Hospital located in Lodhivali near Patalganga provides free or subsidized healthcare services and facilities to disadvantaged local communities.
- iii) **Specialized Health Care for HIV/AIDS patient and Tuberculosis:** The Community Care Centre and Reliance AIDS Care Hospital has state-of-the-art technology to provide diagnostic and curative services to HIV/ AIDS patients. Their services are available in Hazira, Gujarat. Over time, about 4,500 infected patients have been admitted to this hospital.
- iv) **Drishhti:** Drishhti is Reliance Foundation's corneal transplant initiative is in partnership with the National Association for the Blind. It is spread across a network of 59+ hospitals. It has done 14728+ corneal transplants by FY 2015-16.
- v) **Mission Zero Malnourishment Project:** RF established a public-private initiative to eradicate malnourishment in children in Nagothane. Pediatric health check-ups were performed in about 22 villages. Medication and nutritious food support were provided accordingly.

4. Skilling and Employment

India faces a major issue in employing its young population. The Skill India Mission of the Government of India has asked the corporates for support in training the youth of India by making them employable. Reliance has answered the clarion call and has leveraged its infrastructure and trained workforce to provide marketable skillsets and placement support to the youth. Linkages have been established with skilling training institutes for entrepreneurship development in farm and non-farm sectors, including agriculture, horticulture, mushroom cultivation, inland fisheries, animal husbandry, mobile repairing skills, etc. More than 9,400 youth were linked to various employment opportunities this year across sectors, including retail, banking, telecom, etc. (over 24,500 recruitments since inception).

5. Disaster Response: Mission Rahat

When nature takes unleashes its fury, RF-managed team 'Mission Rahat' comes to the rescue. The unit comes forward in times of need when any natural calamity takes place.

- i) **Mission Rahat – Tamil Nadu:** When the dreaded monsoons created havoc in Tamil Nadu, 200+ volunteers from the RIL team assembled relief kits containing food for 15 days, utensils, blankets, and necessary toiletries. They supplied these kits to the victim residents. 85,000+ victims were supported with these relief kits.

- ii) **Mission Rahat – Marathwada:** The Marathwada region in Maharashtra is drought-prone and infamous for farmers committing suicide. The Reliance Foundation-supported Mission Rahat, through its disaster response work, has helped 25 villages in Kaij block and touched the lives of 28000 people.

6. Reliance CSR in the fight against Corona virus

RIL CSR has deployed the combined strengths of Reliance Foundation, Reliance Retail, Jio, Reliance Life Sciences, Reliance Industries, and its 6,00,000 strong Reliance family to work together to help India fight this COVID19 pandemic. They have taken various steps that have created a blueprint that can be imitated at a rapid pace to create infrastructure and facilities needed to take India on the other side of this Coronavirus pandemic. Let us look at a few of the steps:

- i) **Donation of Oxygen during the Peak of 2nd Wave of COVID:** Maharashtra is the worst-affected Indian state in the second wave of COVID-19 and has consistently contributed devastatingly high numbers to the country's daily caseload of the virus. In the state there is such a crunch for medical oxygen, a key component to sustain patients of Covid-19 that Maharashtra Chief Minister Uddhav Thackeray had to make a public appeal to PM Narendra Modi-led Central government to rope in the Indian Airforce to airlift it to the state. Amid such a crisis, Reliance Industries Chairman in a philanthropic move donated 100 tones of oxygen to the hospitals of the state, for free. The move has been lauded across the country and has been appreciated tremendously by the state government of Maharashtra.
- ii) **India's First Dedicated Covid-19 Hospital:** The way Reliance sets up world-class refineries in record time; they have set up a dedicated 100 bedded centre at Seven Hills Hospital, Mumbai, which was later scaled up to 222 beds, for patients who test positive for Covid-19. Sir H. N. Reliance Foundation Hospital, in collaboration with the Brihanmumbai Municipal Corporation (BMC), has created a first-of-its-kind-in-India centre which is fully funded by Reliance Foundation and includes a negative pressure

room that helps in preventing cross-contamination and helps control infection. They have provided beds that are equipped with the required infrastructure, biomedical equipment such as ventilators, pacemakers, dialysis machines, and patient monitoring devices.

- iii) **Protective equipment to fight COVID-19:** RIL is using its production facilities to produce 100,000 face-masks per day and a large number of personal protective equipment's (PPEs), such as suits and garments, for the nation's health workers to equip them further to fight the coronavirus challenge.
- iv) **Free Meals in Various Cities – Mission Anna Seva:** Reliance Foundation has provided free meals to people across various cities in partnership with NGOs to offer necessary livelihood relief in the current crisis situation. Mission Anna Seva is the largest meal distribution programme undertaken by a corporate foundation anywhere in the world. As of June 10, 2020, Mission Anna Seva provided over 5 crore meals across 78 districts, 17 states and 1 union territory. The beneficiaries of Mission Anna Seva included daily wage earners, slum dwellers, urban service providers, factory workers, and residents of old-age homes and orphanages. It also provided meals to frontline workers such as junior medical staff, police personnel and security forces. Under this programme, Reliance Foundation provided cooked meals, ready-to-eat food packets, food coupons and dry ration kits to families and bulk ration to community kitchens.

Reliance Foundation has touched the lives of 35 million Indians across more than 20,000 villages and several urban locations since inception through its CSR projects in India. The CSR activities have brought Reliance closer to their goal of bringing about transformative change. The social projects have touched almost every part of India, and Reliance aims to further intensify its efforts, especially through digital technology and touch more lives across India.

Reliance Industries' Marketing Strategies

RIL applies selective, differentiated and aggressive pricing strategies to capture its target market. It uses a mix of variables like geography, demography and psychography like age, gender, profession, income class, region, behavior.

Marketing mix of RIL that comprises of the 4P's like Place, price, products and promotion explains the marketing strategy of the Company.

As for the "products" RIL has launched a diversified range of products starting from petrochemicals to retail business to health etc. As we all know there that Reliance Industries recently became the first Indian company to cross 6 trillion market capitalization. They provide several products like in the retail sector are Reliance Fresh, Big Bazaar, Reliance Mart, Reliance Market, Reliance Home Kitchen, Reliance iStore.

As for the "price" the pricing policies of RIL is different for different products which is based on market leadership and competition of the products. It follows penetrating pricing in sectors like health, telecommunications and retail. Reliance Industries follows different pricing strategy for different sectors. When the company launched Reliance Jio, it offered free Jio services to its customers during the launch period to increase market share.

As for "place", the Company has a strong presence all across the country. Reliance Retail is the largest retailer has more than 1500 stores across India and other brands like Reliance Fresh, Reliance Footprint, Reliance Digital and Reliance Trends have reached the Tier 1 and Tier 2 cities. Reliance Jio sim services are available across major regions and its connectivity is also improved in recent months. Reliance fresh procures raw materials directly from the source hence it has attracted large number of customers due to the discounts offered.

As for "promotion", the Company believes in customer satisfaction through price reduction of the products as an effective way of promoting its products. The company adopted the aggressive and selective pricing policing strategy; and focuses on the market analysis and they have a tagline "Growth is Life". With the help of Jio the telecom brand of Reliance, the company tries to digitalize India. Jio offered free Wi-Fi services for several cities of India. The company has a customer like the high-class citizen who lives in metros to lower middle class who live in rural India.

BCG Matrix is the Marketing Strategy of Reliance, the company makes its product for everyone and also for the all-class segment all are their customers. The star segment of the company is Jio, this is the Telecom Sector of Reliance industries.

One of the main parts of their marketing strategy is the Promotional strategy. They spend a lesser amount for their campaigns, but they reduce the product prices what help them to attract more customer. The company tries to make an emotional and social connection with its consumer by some rehabilitation programs. Due to its strong brand awareness, Reliance Industries has attracted customers across its various stores. Weekend discounts, bulk purchase and customer loyalty points often lead to increased customer base.

The company adopted an aggressive marketing strategy to make a positive brand appreciation. The company launched its ad campaigns on magazines, newspaper, television, billboards and radio, and on the social media platform like Twitter, Facebook, YouTube and Instagram.

The Company does not spend much in promotional campaigns but believes in reducing the prices of its various products to attract the consumers from all across the nation. The tagline of the Company signifies its relentless focus in growth and the ever-evolving spirit of the Company. It prefers Below-the-line (BTL) advertisings to Above-the-line (ATL) advertisings as it less costly. Also, only the retail sectors and the newly launched products are promoted through ATL advertisings to create that initial buzz among the prospective customers. “Karlo duniya mutthi mein” is the tagline of Reliance communication which is a classic example of this.

COVID 19 Impact on Reliance Industry

Reliance Industries reported a 15 per cent year-on-year drop in consolidated net profit for the July-September quarter as the COVID-19 pandemic hit its key petrochemicals and oil refining businesses.

In the second quarter, its consolidated net profit stood at Rs 9,567 crore, compared with Rs 11,262 crore in the year ago quarter.

The company’s revenue from operations stood at Rs 116,195 crore, down 24 per cent from the year ago revenue of Rs 153,384 crore.

“The outbreak of corona virus pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The group’s operations and revenue during the quarter were impacted due to COVID-19.

The major impact was seen in RIL’s petrochemicals and oil refining businesses. While, petrochemical revenue was down 23 per cent from a year ago to Rs 29,665 crore, refining revenue fell 36 per cent to Rs 62,154 crore.

This decline was partially offset by its telecom unit Jio; digital services revenue rose 36 per cent from a year ago to Rs 22,679 crore. Retail revenue declined 5 per cent year-on-year to Rs 39,199 crore.

Much of India’s businesses were hugely impacted in the April-June quarter due to the nationwide lockdown that was announced by the government. As the country has continued to unlock over the past few months, things have begun to rebound.

So, compared with the June quarter earnings, RIL's consolidated revenue in the September quarter, was up 27 per cent. Retail revenue was sequentially up 30%, petrochemical sales rose 18 per cent quarter-on-quarter and refining sales were up 33%.

Reliance Jio's customer base touched 405.6 million at the end of September, making it the only telecom operator outside China to have reached the milestone of 400 million subscribers in a single country market. Its average revenue per user during the quarter stood at Rs 145.

In the retail business, RIL said that 85 per cent of its stores were fully or partially open during the quarter.

Future Plans of Reliance Industry

1. It is planning to become a debt-free company in the next 18 months.
2. Reliance is partnering with Some International leaders to expand its telecommunications and retail business. Jio is planning to develop an Android-based operating system for Indian needs with help from Google. With help from Intel and Qualcomm, who are leaders in 5G technology, the company plans to roll out 5G services in India as soon as spectrum is made available.
3. The Reliance Jio Infocomm Ltd. has started advance tests to prepare the fifth-generation (5G) high-speed network and may introduce them at the end of this year.
4. RIL is in late-stage talks with Kishore Biyani-led Future Group to buy a controlling stake in its retail business. RIL might acquire Kishore Biyani-controlled Future Group's retail business for Rs 24,000-27,000 crore.
5. Reliance has a strong free cash flow and is expected to see a 17-18% CAGR in the companies earning per share over the next 5 years.

Conclusion

Reliance Industries is an amazing company having exceptional leadership. RIL is the first Indian private sector company to feature into the Fortune Global 500. With leading market position in many of its businesses, Reliance is a business giant in India with strong positions in Textile, energy, Retail etc. Reliance upholds their corporate social responsibilities very well as we have mentioned in this report. Reliance has strong marketing strategies due to which it has strong presence in the market.

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