FINANCIAL ANALYSIS OF RELIANCE AND WALMART

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Abstract
*Financial Analysis the process of evaluating businesses, projects, budgets and other finance- related entities to determine their performance and suitability. Typically financial analysis is used to analyze whether an entity is stable, solvent, liquid or profitable enough to warrant a monetary investment. **Reliance Industries Limited (RIL)** is an Indian conglomerate holding company headquartered in Mumbai, Maharashtra, India. Reliance owns businesses across India engaged in energy, petrochemicals, textiles, natural resources, retail, and telecommunications. **Wal-Mart Stores, Inc.,** doing business as Walmart, is an American multinational retailing corporation that operates as a chain of hypermarkets, discount department stores, and grocery stores.*

Introduction
Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas. The ratios are categorized as Short-term Solvency Ratios, Debt Management Ratios, Asset Management Ratios, Profitability Ratios, and Market Value Ratios.

Objectives of the Study
- To obtain a quick indication of a firm's financial performance in several key areas.
- To compare the results obtained between both a Foreign Company (Walmart) and an Indian Company (Reliance Industries) for

Methodology
The methodology uses Research design, charts, procedures and methods of data collection. The study uses secondary data from reliable resources and thus the accuracy of the interpretations depend upon the data that were collected. The analysis is done for the last four years (i.e. 2013-16) of both the companies.

Analysis and Interpretation

NET PROFIT RATIO

YEAR	RELIANCE	WALMART
2013	5.26%	3.62%
2014	5.19%	3.36%
2015	6.29%	3.35%
2016	10.02%	3.04%

Interpretation
It can be seen that the rate of change in the percentage of growth in Reliance Industries has been increasing whereas Walmart has been facing a downfall in its progress of net profit. One of the cause for this can be because of the boycott of foreign products in the Indian Market by the Indians, the only cause of profit for Walmart would be its regular buyers and even that seems to be reducing.

WORKING CAPITAL RATIO

YEAR	RELIANCE	WALMART
2013	15.02%	2.53%
2014	8.26%	1.71%
2015	-5.26%	4.06%
2016	-21.43%	9.08%

Interpretation
Working Capital meaning the additional Capital required to run the business and meet the contingent expenses. From the above it can be seen that the Reliance has made good progress with its working capital and the usage for it has been

decreasing rapidly, this means that the company earns very good profits which are more than enough to meet its expenses. Walmart has required more amount of working capital during the years meaning its income is lesser than its income.

RETURN ON INVESTMENT

YEAR	RELIANCE	WALMART
2013	48.3%	0
2014	36.7%	0
2015	30.8%	0
2016	36.37%	0

Interpretation
It can be seen that Walmart has not made any major part of Investment and thus does not make any return on investment. Even though Reliance's ROI is slightly low when compared to Walmart it is relatively high.

RETURN ON CAPITAL EMPLOYED

YEAR	RELIANCE INDUSTRIES	WALMART
2013	8.32%	21.1%
2014	7.83%	19.8%
2015	7.14%	19.6%
2016	7.3%	17.9%

Interpretation
The rate of return on the capital employed of Walmart is high when compared to that of Reliance. Reliance is able to get stable returns whereas Walmart gets high and uncertain returns.

EARNINGS PER SHARE

YEAR	RELIANCE	WALMART
2013	0.51	51.2
2014	0.54	49.6
2015	0.57	50.6
2016	0.66	46.35

Interpretation
From the above table, it can be seen that Walmart possesses high rate of earnings per share. This means that the price of per share of Reliance is low and therefore earns fewer returns from a single share. Walmart has priced its shares at a higher price, this may be good for the firm's short term benefits but when the long run of the firm is considered it may be a problem.

CAPITAL TURNOVER RATIO

YEAR	RELIANCE	WALMART
2013	1.49	3.57
2014	0.14	3.52
2015	1.02	3.52
2016	0.66	3.57

Interpretation
From the table above, it can be interpreted that the turnover from capital is varying each year of Reliance whereas Walmart's turnover of capital is stable and it gets certain returns on capital. Reliance is not able to predict its capital turnover but the percentage of change is only decreasing during the last 4 years.

RETURN ON EQUITY

YEAR	RELIANCE	WALMART
2013	0.11	0.22
2014	0.12	0.21
2015	0.10	0.20
2016	0.11	0.18

Interpretation
It can be interpreted that the measure of profitability that how many profit of a company generates with each rupee of shareholders. Reliance's profit generated with each of shareholder's is less in terms compared with Walmart but both are stable on all the 4 years with Reliance having on an average of 0.10 and Walmart has 0.20.

Findings
It has been found from the above analysis that the Reliance stands superior in terms of financial position in most of the above calculated ratios, Walmart stands high only in the Capital turnover where it makes more turnover compared to Reliance. Walmart's stock and price values stand high and thus make the graph of Reliance look smaller than that of Walmart. It can also be noted that Walmart has not made any form of Investment (Long-term & Short-term) this can affect the company in the long-run as a company without investment cannot survive in the market for a very long period.

Conclusion
Ratios help to systematically manipulate the financial position of the company using its Income Statement & Balance Sheet that can be very helpful at the time of Investment decision making. It is the application arithmetic on financial information that is contained in the annual report of a business entity.

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