

A
Project Report
ON
“FINANCIAL ANALYSIS OF RELIANCE - JIO”

Submitted to
G.S College of Commerce & Economics
Nagpur

In partial fulfillment for the award of the degree of

Bachelor of Business Administration

Submitted by
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Under the Guidance of
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Academic Year 2021-22



G.S. College Of Commerce & Economics, Nagpur



Academic Year 2021-22

CERTIFICATE

This is to certify that “**PRATYUSH C SHRIWAS**” has submitted the project report titled “**Financial Analysis of RELIANCE- JIO** ”, towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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Place: Nagpur

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DECLARATION

I here-by declare that the project with title “Financial Analysis of RELIANCE -JIO ” has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

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Pratyush shriwas

Place: Nagpur

Date:

INDEX

SR NO.	PARTICULARS	PAGE No.
1.	CHAPTER 1 Introduction	6
2.	CHAPTER 3 Company Profile	16
3.	CHAPTER 4 Literature review	30
4.	CHAPTER 5 Research Study	32
	• Objectives	33
	• Scope of the study	33
	• Hypothesis	34
	• Problem definition	34
	• Research Methodology	36
5.	CHAPTER 5 Data Analysis & Interpretation	38
6.	CHAPTER 6 Limitation	49
7.	CHAPTER 7. Conclusion	51
8.	CHAPTER 8. Suggestions	53
9.	Bibliography	55
	Annexure	57
	• Questionnaire	

INTRODUCTION

INTRODUCTION

FINANCIAL ANALYSIS

A Financial analysis identifies the key areas where they evaluate their strategies to determine financial stability relative to your brand. A financial analysis often includes a SWOT analysis that helps the company define future financial plan. One of the methods to analyze company's financial statement is given below:

FOR AN EFFECTIVE FINANCIAL ANALYSIS:

For any financial professional, it is important to know how to effectively analyze the financial statements of a firm. This requires an understanding of three key areas:

1. The structure of the financial statements
2. The economic characteristics of the industry in which the firm operates and
3. The strategies the firm pursues to differentiate itself from its competitors.

There are generally six steps to developing an effective analysis of financial statements.

1. IDENTIFY THE INDUSTRY ECONOMIC CHARACTERISTICS.

First, determine a value chain analysis for the industry—the chain of activities involved in the creation, manufacture and distribution of the firm's products and/or services. Techniques such as Porter's Five Forces or analysis of economic attributes are typically used in this step.

2. IDENTIFY COMPANY STRATEGIES.

Next, look at the nature of the product/service being offered by the firm, including the uniqueness of product, level of profit margins, creation of brand loyalty and control of costs. Additionally, factors such as supply chain integration, geographic diversification and industry diversification should be considered.

3. ASSESS THE QUALITY OF THE FIRM'S FINANCIAL STATEMENTS.

Review the key financial statements within the context of the relevant accounting standards. In examining balance sheet accounts, issues such as recognition, valuation and classification are keys to proper evaluation. Evaluation of the statement of cash flows helps in understanding the impact of the firm's liquidity position from its operations, investments and financial activities over the period.

4. ANALYZE CURRENT PROFITABILITY AND RISK.

This is the step where financial professionals can really add value in the evaluation of the firm and its financial statements. The most common analysis tools are key financial statement ratios relating to liquidity, asset management, profitability, debt management/coverage and risk/market valuation.

5. PREPARE FORECASTED FINANCIAL STATEMENTS.

Although often challenging, financial professionals must make reasonable assumptions about the future of the firm (and its industry) and determine how these assumptions will impact both the cash flows and the funding. This often takes the form of pro-forma financial statements, based on techniques such as the percent of sales approach.

6. VALUE THE FIRM.

While there are many valuation approaches, the most common is a type of discounted cash flow methodology. These cash flows could be in the form of projected dividends, or more detailed techniques such as free cash flows to either the equity holders or on enterprise basis. Other approaches may include using relative valuation or accounting-based measures such as economic value added.

INTRODUCTION OF TELECOMMUNICATION INDUSTRY

India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and will

contribute substantially to India's Gross Domestic Product (GDP). The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country. The Indian telecom sector is expected to generate five million direct and indirect jobs over the next five years according to estimates by Randstad India. The employment opportunities are expected to be created due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smartphone sales and rising internet usage.

Investment

With daily increasing subscriber base, there have been a lot of investments and developments in the sector. The industry has attracted FDI worth US\$ 20 billion during the period April 2000 to March 2020, according to the data released by Department of Industrial Policy and Promotion (DIPP).

Government Initiatives

- * The government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies. Some of the other major initiatives taken by the government are as follows:
- * The Ministry of Communications & Information Technology has launched Twitter Sewa, an online communications platform for registration and resolution of user complaints in the telecommunications and postal sectors.
- * The Telecom Regulatory Authority of India (TRAI) has released a consultation paper which aims to offer consumers free Internet services within the net neutrality framework and has proposed three models for free data delivery to customers without violating the regulations.
- * The Telecom Regulatory Authority of India (TRAI) has recommended a Public-Private Partnership (PPP) model for BharatNet, the central government's ambitious project to set up a broadband network in rural India, and has also envisaged central and state governments to become the main clients in this project.

* The Telecom Regulatory Authority of India (TRAI) has directed the telecom companies or mobile operators to compensate the consumers in the event of dropped calls with a view to reduce the increasing number of dropped calls.

Future Trends

India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025, as per a Microsoft report. With the government's favourable regulation policies and 4G services hitting the market, the Indian telecommunication sector is expected to witness fast growth in the next few years.

The Telecom Market Segments

Mobile (wireless): Comprises establishments operating and maintaining switching and transmission facilities to provide direct communications via airwaves

Fixed-line (wireline): Consists of companies that operate and maintain switching and transmission facilities to provide direct communications through landlines, microwave or a combination of landlines and satellite link-up

Internet Services: Includes Internet Service Providers (ISPs) that offer broadband internet connections through consumer and corporate channels.



INDUSTRY PROFILE

India has a fast-growing mobile services market with excellent potential for the future. With almost five million subscribers amassed in less than two years of operation, India's growth tempo has far exceeded that of numerous other markets, such as China and Thailand, which have taken more than five years to reach the figures India currently holds. The number of mobile phone subscribers in the country exceeded 50 million by 2010 and cross 1189 million by 2021, according to Cellular Operators Association of India (COAI).

According to recent strategic research by Frost & Sullivan, Indian Cellular Services Market, such growth rates can be greatly attributed to the drastically falling price of mobile handsets, with price playing a fundamental role in Indian subscriber requirements. Subscribers in certain regions can acquire the handset at almost no cost, thanks to the mass-market stage these technologies have reached internationally. The Indian consumer can buy a handset for \$150 or less. This should lead to increased subscribership.

For example, a driver's license issued by the government, gives the authority to a person to drive a motor vehicle. There are three main types of license fee which the government charges: (I) initial license fee, which generally is non-refundable, (ii) annual license fee, and (iii) additional fee for allocation of spectrum. Licensing framework has been an integral part of India's telecommunication law. Under the Indian Telegraph Act, 1885, section 4 gives power to the government to grant license to any person to establish, maintain or use a telegraph.

NATIONAL TELECOM POLICY 1994 (NTP 1994):-

The National Telecom Policy was announced in 1994 which aimed at improving India's competitiveness in the global market and provide a base for a rapid growth in exports. This policy eventually facilitated the emergence of Internet services in India on the back of established basic telephony communication network. This policy also paved way for the entry of the private sector in telephone services. The main objectives of the policy were:

- To ensure telecommunication is within the reach of all, that is, to ensure availability of telephone on demand as early as possible

- To achieve universal service covering all villages, that is, enable all people to access certain basic telecom services at affordable and reasonable prices
- To ensure world-class telecom services. Remove consumer complaints, resolve disputes and encourage public interface and provide a wide permissible range of services to meet the demand at reasonable prices
- To ensure that India emerges as a major manufacturing base and major exporter of telecom equipment
- To protect the defence and security interests of the nation.

Initially the private sector was allowed in the value added services, and thereafter, it was allowed in the fixed telephone services. Subsequently, VSAT services were liberalized for private sector participation to provide data services to closed user groups.

Establishment of TRAI

The entry of private players necessitated independent regulation in the sector; therefore, the TRAI was established in 1997 to regulate telecom services, for fixation/revision of tariffs, and also to fulfil the commitments made when India joined the World Trade Organization (WTO) in 1995. The establishment of TRAI was a positive step as it separated the regulatory function from policy-making and operation, which continued to be under the purview of the DoT². The functions allotted to the TRAI included:

- a. To recommend the need and timing for introduction of new service provider
- b. To protect the interest of customers of telecom services
- c. To settle disputes between service providers.
- d. To recommend the terms and conditions of license to a service provider.
- e. To render advice to the Central government on matters relating to the development of telecommunication technology and any other matter applicable to the telecommunication industry in general.

NEW TELECOM POLICY 1999 (NTP 1999):-

In recognition of the fact that the entry of the private sector, which was envisaged during NTP94, was not satisfactory and in response to the concerns of the private operators and investors about the viability of their business due to non-realization of targeted revenues the government decided to come up with a new telecom policy. The most important milestone and instrument of telecom reforms in India is the New Telecom Policy 1999 (NTP 99). The New Telecom Policy, 1999 (NTP-99) was approved on 26th March 1999, to become effective from 1st April 1999. Moreover, convergence of both markets and technologies required realignment of the industry. To achieve India's vision of becoming an IT superpower along with developing a world class telecom infrastructure in the country, there was a need to develop a new telecom policy framework. Accordingly, the NTP 1999 was framed with the following objectives and targets:

- Availability of affordable and effective communication for citizens was at the core of the vision and goal of the new telecom policy
- To facilitate India's journey to becoming an IT superpower by creating a modern and efficient telecommunication infrastructure taking into account the convergence of IT, media, telecom and consumer electronics
- Achieve efficiency and transparency in spectrum management
- Protect the defense and security interests of the country
- Enable Indian telecom companies to become global players.

In line with the above objectives, some of the specific targets of the NTP 1999 were:

- Make available, telephone on demand by 2002 and achieve a tele density of 7% by 2005 and 15% by 2010
- Encourage development of telecom in rural areas by developing a suitable tariff structure so that it becomes more affordable and by also making rural communication mandatory for all fixed service players and thus
 1. Achieve a rural tele density of 4% by 2010 and provide reliable transmission
 2. media in all rural areas.

Players in the market

- BSNL is the market leader with a 67.7 per cent share followed by MTNL with 11.5 per cent market share. Next is Bharti Airtel at 10.9% followed by Tata and Reliance at 5% and 4.1% respectively.
- BSNL as a company is growing and showed annual revenues of approximately \$4.5 billion as of 2014. BSNL is serving more than 125 million customers across the country and is catalyst in checking the price point for telecom services.
- BSNL is a 100% Central Government entity and employees with BSNL. It has massive infrastructure, manpower, systems, and 80 per cent of landlines and 90 per cent of broadband connections in India are operated by it.
- “Vodafone is investing nearly US\$ 3 billion over the next two years in India in expanding its network infrastructure and distribution channel in the country,” as per Vittorio Colao, CEO, Vodafone .
- Tata Teleservices plans to set up nearly 4,000 wi-fi hotspots in nine cities across the country in the next two years.

Booming sectors

- The tide has turned for the telecom sector in India, as growth and profitability has accelerated in recent times. Tower companies are reaping benefits of a turnaround in the sector as operators have started investing in networks to boost data penetration.
- However it is in the country’s booming mobile segment in which the major battles are being fought. Three major private players – Bharti airtel, Reliance and Vodafone - with a formidable 54% share of the market between them, lead a large field of mobile operators. State-owned enterprises –BSNL and MTNL – have also been making their presence felt with a combined market share of 12%.

A look ahead

- According to Craig Wigginton, vice chairman and U.S. Telecommunications leader, Deloitte & Touche LLP, the big challenge for the telecom industry in 2021 – which also

presents a major growth opportunity for the sector – is that consumers are getting addicted to connectivity and high speed.

- The ongoing expansion of the mobile ecosystem, coupled with demand for high bandwidth applications and services such as video and gaming, is keeping pressure on the industry to increase the availability and quality of broadband connectivity.
- What does this mean for players in the sector? Carriers will continue to pursue technological advancements to handle demand, including offloading some mobile bandwidth needs to Wi-Fi, which is proving an effective complement to mobile networks. At the same time, long-term spectrum availability, spectrum efficiency, small cells and continued backhaul improvements are likely to be a key focus to assure continued mobile broadband momentum

COMPANY PROFILE



Reliance JIO

Formerly called	<ul style="list-style-type: none"> • Infotel Broadband Services Limited (2009 - 2013) • Reliance JIO Infocomm Limited (2013 - 2015) 	Products	<p>Mobile telephony, broadband, Wifi,Router and 4G Data services</p> <p>JIO Apps MyJIO, JIOChat, JIOPlay, JIOBeats, JIOMoney, JIODrive, JIOOnDemand, JIOSecurity, JIOJoin, JIOMags, JIOXpressNews, JIONet WiF</p>
Type	Subsidiary		
Industry	Telecommunication		
Headquarters	Navi Mumbai, Maharashtra, India	Parent	Reliance Industries
Key people	<p>Sanjay Mashruwalla (Managing Director) Jyotindra Thacker (Head of IT) Akash Ambani (Chief of Strategy)</p>	Subsidiaries	LYF
		Website	WWW.JIO.Com

JIO also known as **Reliance JIO** and officially as **Reliance JIO Infocomm Limited (RJIL)**, is an upcoming provider of mobile telephony, broadband services, and digital services in India.. **Reliance JIO Infocomm Limited (RJIL)**, a subsidiary of **Reliance Industries Limited (RIL)**, India's largest private sector company, is the first telecom operator to hold pan India Unified License. Formerly known as **Infotel Broadband Services Limited (IBSL)**, JIO will provide 4G services on a pan-India level using LTE technology. The telecom leg of **Reliance Industries Limited**, it was incorporated in 2007 and is based in Mumbai, India. It is headquartered in Navi Mumbai.

RJIL is setting up a pan India telecom network to provide to the highly underserved India market, reliable (4th generation) high speed internet connectivity, rich communication services and various digital services on pan India basis in key domains such as education, healthcare, security, financial services, government citizen interfaces and entertainment. RJIL aims to provide anytime, anywhere access to innovative and empowering digital content, applications and services, thereby propelling India into global leadership in digital economy.

RJIL is also deploying an enhanced packet core network to create futuristic high capacity infrastructure to handle huge demand for data and voice. In addition to high speed data, the 4G network will provide voice services from / to non-RJIL network.

RJIL holds spectrum in 1800 MHz (across 14 circles) and 2300 MHz (across 22 circles) capable of offering fourth generation (4G) wireless services. RJIL plans to provide seamless 4G services using FDD-LTE on 1800 MHz and TDD-LTE on 2300 MHz through an integrated ecosystem.

Reliance JIO is part of the "Bay Of Bengal Gateway" Cable System, planned to provide connectivity between South East Asia, South Asia and the Middle East, and also to Europe, Africa and to the Far East Asia through interconnections with other existing and newly built cable systems landing in India, the Middle East and Far East Asia.

RJIL's subsidiary has been awarded with a Facility Based Operator License ("FBO License") in Singapore which will allow it to buy, operate and sell undersea and/or terrestrial fibre connectivity, setup its internet point of presence, offer internet transit and peering services as well as data and voice roaming services in Singapore.

R-JIO is also in the process of installing hundreds of monopoles, unlike the regular roof top mounted telecom towers typically used by telcos, said the company executive quoted above. Monopoles, or ground-based masts (GBMs), are expected to double up as street lights and surveillance systems, and provide real-time monitoring of traffic and advertising opportunities.

The company, which plans to be rolled out commercial telecom service operations from January, is currently in the testing phase for most of its offerings including 4G services, a host of mobile phone applications and delivery of television content over its fibre optic network.

R-JIO, meanwhile, faces its share of challenges in terms of return on investment and capturing market share. The company, according to industry analysts, is expected to spend \$8-9 billion for the 4G roll-out. The company will battle for subscribers with leading telcos such as Bharti Airtel Ltd, Vodafone India Pvt Ltd and Idea Cellular Ltd.

RELIANCE - jio Income Statement Analysis

Operating income during the year fell 26.3% on a year-on-year (YoY) basis.

1) The company's operating profit increased by 2.2% YoY during the fiscal. Operating profit margins witnessed a fall and down at 21.9% in FY21 as against 15.8% in FY20.

2) Depreciation charges increased by 19.7% and finance costs decreased by 3.8% YoY, respectively.

3) Other income grew by 23.7% YoY.

4) Net profit for the year grew by 33.8% YoY.

5) Net profit margins during the year grew from 7.3% in FY20 to 12.9% in FY21.



The services were beta launched to JIO's partners and employees on 27 December 2015 on the eve of 83rd birth anniversary of late Dhirubhai Ambani, founder of Reliance Industries.

Mr. Akash Ambani is being launched in business as a chief of strategy in Reliance JIO, involved in day to day operations in business or Ms. Isha Ambani is involved in branding and marketing. And the key people are Sanjay Mashruwalla (Managing Director), Jyotindra Tacker (Head of IT).

Reliance Industries Chairman Mukesh Ambani committed an investment of Rs. 2,50,000 crores on "Digital India" and said he expected the group's initiatives under it will create over 5,00,000 direct and indirect jobs.

"Digital India as company has seen empowers them to fulfil their aspirations. Reliance JIO has invested over Rs. 2,50,000 crores across the Digital India pillars," Ambani said, adding: "I estimate Reliance's 'Digital India' investments will create employment for over 5,00,000 people." Ambani

said the launch of Digital India initiative was a momentous occasion in an information age where digitization was changing the way one lives, learns, works and plays. It can transform the lives of 1.2 billion Indians using the power of digital technology. And as well as "So 80 percent of the 1.3 billion Indians will have high-speed, mobile Internet. And by 2017, company would cover 90 percent. And by 2018, all of India would be covered by this digital infrastructure,"

In June 2010, Reliance Industries (RIL) bought a 96% stake in Infotel Broadband Services Limited (IBSL) for Rs 4,800cr. Although unlisted, IBBL was the only firm to win broadband spectrum in all 22 zones in India in the 4G auction that took place earlier that year. Later continuing as RIL's telecom subsidiary, Infotel Broadband Services Limited was renamed as Reliance JIO Infocomm Limited (RJIL) in January 2013.

Acquisition & Subsidiaries:

- ✓ Acquired Infotel Broadband Services Limited in 2010.
- ✓ Technology - Rancore Technologies
- ✓ ILD & NLD - Infotel Telecom.

Agreements:

- ✓ An agreement with Ascend Telecom for their more than 4,500 towers across India. (June 2014)
- ✓ An agreement with Tower Vision for their 8,400 towers across India. (May 2014)
- ✓ An agreement with ATC India for their 11,000 towers across India. (April 2014)
- ✓ An agreement with Viom Networks for their 42,000 telecom towers. (March 2014)

OPERATIONS

In June 2015, JIO announced that it will start its operations all over the country by the end of year. However, four months later in October 2015, the company's spokesmen sent out a press release stating that the launch was postponed to the first quarter of the financial year 2016-2017. Later in July, a PIL filed in the Supreme Court by an NGO called the Centre for Public Interest Litigation, through Prashant Bhushan, challenged the grant of pan-India licence to JIO by the Government of India. The PIL also alleged that JIO was allowed to provide voice telephony along with its 4G data

service, by paying an additional fees of just 165.8 crore (US\$25 million) which was arbitrary and unreasonable, and contributed to a loss of 2,284.2 crore (US\$340 million) to the exchequer.

Beta Launch

The 4G services were launched internally to JIO's partners, its staff and their families on 27 December 2015. Bollywood actor Shah Rukh Khan, who is also the brand ambassador of JIO, kickstarted the launch event which took place in Reliance Corporate Park in Navi Mumbai, along with celebrities like musician A R Rahman, actors Ranbir Kapoor and Javed Jaffrey, and filmmaker Rajkumar Hirani. The closed event was witnessed by more than 35000 RIL employees some of whom were virtually connected from around 1000 locations including Dallas in the US.

PRODUCT & SERVICES

RELIANCE JIO 4G BROADBAND

The company has launched its 4G broadband services throughout India in the first quarter of 2016 financial year. It was slated to release in December 2015 after some reports said that the company was waiting to receive final permits from the government. Mukesh Ambani, owner of Reliance Industries Limited (RIL) whose Reliance JIO is the telecom subsidiary, had unveiled details of JIO's fourth-generation (4G) services on 12 June 2015 at RIL's 41st annual general meeting. It will offer data and voice services with peripheral services like instant messaging, live TV, movies on demand, news, streaming music, and a digital payments platform. The company has a network of more than 250,000 km of fiber optic cables in the country, over which it will be partnering with local cable operators to get broader connectivity for its broadband services. With its multi-service operator (MSO) license, JIO will also serve as a TV channel distributor and will offer television-on-demand on its network.

Pan-India Spectrum

JIO owns spectrum in 800 MHz and 1,800 MHz bands in 10 and 6 circles, respectively, of the total 22 circles in the country, and also owns pan-India licensed 2,300 MHz spectrum. The spectrum is valid till 2035. Ahead of its digital services launch, Mukesh Ambani-led Reliance JIO entered into a spectrum sharing deal with younger brother Anil Ambani-backed Reliance Communications. The sharing deal is for 800 MHz band across seven circles other than the 10 circles for which JIO

already owns. Reliance JIO's vision for India is that broadband and digital services will no longer be a luxury item ,Rather convert it into a basic necessity that can be consumed in abundance by consumers and small businesses .The initiatives are truly aligned with the Government of India's 'Digital India' vision for our nation.

RELIANCE - JIO Balance Sheet Analysis

The company's current liabilities during FY21 down at Rs 2,776 billion as compared to Rs 4,129 billion in FY20, thereby witnessing an decrease of -32.8%.

Long-term debt down at Rs 1,637 billion as compared to Rs 1,976 billion during FY20, a fall of 17.2%.

Current assets rose 44% and stood at Rs 3,730 billion, while fixed assets rose 5% and stood at Rs 9,471 billion in FY21.

Overall, the total assets and liabilities for FY21 stood at Rs 13,201 billion as against Rs 11,630 billion during FY20, thereby witnessing a growth of 14%.

RELIANCE - JIO Balance Sheet as on March 2021

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*	% Change
Networth	Rs m	4,491,470	6,994,350	55.7
Current Liabilities	Rs m	4,129,160	2,775,680	-32.8
Long-term Debt	Rs m	1,976,310	1,636,830	-17.2
Total Liabilities	Rs m	11,630,150	13,200,650	13.5
Current assets	Rs m	2,582,600	3,730,110	44.4
Fixed Assets	Rs m	9,047,550	9,470,540	4.7
Total Assets	Rs m	11,630,150	13,200,650	13.5

RELIANCE - JIO Cash Flow Statement Analysis

RELIANCE IND.'s cash flow from operating activities (CFO) during FY21 stood at Rs 262 billion on a YoY basis.

Cash flow from investing activities (CFI) during FY21 stood at Rs -1,416 billion, an improvement of 95.3% on a YoY basis.

Cash flow from financial activities (CFF) during FY21 stood at Rs 1,019 billion, an improvement of 4,110% on a YoY basis.

Overall, net cash flows for the company during FY21 stood at Rs -135 billion from the Rs 198 billion net cash flows seen during FY20.

RELIANCE IND. Cash Flow Statement 2020-21

Particulars	No. of months	12	12	% Change
	Year Ending	Mar-20	Mar-21	
Cash Flow from Operating Activities	Rs m	948,770	261,850	-72.4%
Cash Flow from Investing Activities	Rs m	-725,200	-1,416,340	-
Cash Flow from Financing Activities	Rs m	-25,410	1,019,020	-
Net Cash Flow	Rs m	198,390	-135,230	-

Current Valuations for RELIANCE - JIO

The trailing twelve-month earnings per share (EPS) of the company stands at Rs 78.7, an improvement from the EPS of Rs 62.7 recorded last year.

The [price to earnings \(P/E\) ratio](#), at the current price of Rs 2,092.3, stands at 26.6 times its trailing twelve months earnings.

The [price to book value \(P/BV\) ratio](#) at current price levels stands at 1.7 times, while the price to sales ratio stands at 2.9 times.

The company's price to cash flow (P/CF) ratio stood at 17.7 times its end-of-year operating cash flow earnings

Per Share Data/Valuations

No. of Mths Year Ending		12 Mar-20*	12 Mar-21*
Sales per share (Unadj.)	Rs	844.1	583.6
TTM Earnings per share	Rs	62.7	78.7
Diluted earnings per share	Rs	58.8	78.7
Price to Cash Flow	x	21.4	17.7
TTM P/E ratio	x	24.9	26.6
Price / Book Value ratio	x	1.8	1.7
Market Cap	Rs m	13,263,649	14,148,279
Dividends per share (Unadj.)	Rs	6.5	7.0

Target Audience of Reliance Jio

Reliance Jio paid interest in providing the best and cheapest Internet data services, so their target audience became the one's having SmartPhone, looking for high-speed internet connection. Not only this they also created a demand for 4G enabled smartphones as their services could only be availed using that.

Not only is Jio targeting people using smartphones but also the industries which require the use of digital technology. Bridging gap between customer merchants and the final consumer.

Reliance Jio came up with an interesting campaign of providing SIM Cards home-delivered to the customers. Customers didn't have to take the pain to visit a physical store to get their SIM Card.

With this campaign, Jio reached more than 26 million prospective customers in just 20 weeks. The Click- Through Rate (ratio of no. of clicks on a particular link to the total views on the particular medium where the link is published) of 0.72% on this campaign was three times that of the usual received by the industry. With almost 30,000 leads per day, Jio's set a very high standard.

BUSINESS MODEL OF RELIANCE JIO

The business model is used to determine a company's plan for generating revenue. It determines the products or services the business plans to sell, its identified target market, and any anticipated expenses.

Reliance Jio used a loss-leading strategy which means it sold its products or services at a price lower than the actual price in the market. Reliance Jio initially started giving its users free of cost data and voice calls for a long period of time which helped them gain a large customer base and a higher market share.

Then later after the free data offer was over it started providing its customers with cheaper recharges which helped them to retain their customers.

Let us now see its business model by starting with its pricing strategy.

1. Price Strategy of Reliance Jio

Jio has adapted the best pricing strategy in the market. Jio modifies its pricing strategies every now and then to provide its customers with the best prices in the market. It provides its customers with the cheapest possible prices for its products and services in the market. This helps them to provide the best offers for their customers.

2. Promotion strategies of Reliance Jio

At a time when it comes to making constructive brand awareness, Reliance Jio has taken on a little bit of a hostile marketing strategy on radio, television, magazines, newspapers, and various social media platforms like YouTube, Twitter, Facebook. This marketing is also used by film industry celebrities, it helps them in doing acting in advertisements and joining their brand to work with them.

Let us now see the product and service segmentation of Reliance Jio.

3. Product and service segmentation of Reliance Jio

Services

- **JioPages** – a web browser for Android devices
- **JioChat** – instant messaging app
- **JioCinema** – online HD movie library
- **JioCloud** – cloud-based backup services
- **JioHealth** – health-related services app
- **JioNews** – Platform which provides the latest news
- **JioMeet** – video-conferencing platform
- **JioMoney** – online transaction app
- **JioSaavn** – app for music streaming in English and Indian languages
- **JioSecurity** – security app
- **JioTV** – TV Channels streaming service
- **JioVoice** – VoLTE phone simulator
- **MyJio** – manage Jio account and digital services associated with it

Products

- **Mobile broadband** – Its 4G broadband services started all over India in 2016. It offers voice services, instant messaging, and streaming movies.
- **JioFiber** – In 2018 it started testing new triple play fiber to the home services which was known as Jio GigaFiber, which provide an internet speed ranging from 100 – 1,000 Mbit/s. It launched its services officially in the year 2019 as JioFiber for its third anniversary.
- **JioPhone Next** – On 24 June 2021, Mukesh Ambani announced the launch of JioPhone Next. It is a fully-featured Android smartphone co-developed with Google as part of its long-term partnership. The budget smartphone will be launched in India on 10 September 2021.

Let us now see the competitors of reliance Jio.



LITERATURE REVIEW

The launch of Jio is likely to transform the Indian telecom sector but at the same time put pressure on multiple fronts on the current telecom operators such as Bharti Airtel, Idea, and Vodafone etc. The entrance of the Jio has brought a stormy revolution in the telecom market and Jio has emerged into a brand in the new world of innovations and up gradation. This discuss about the features of the Jio and the edge it would have over its rivals once it start functioning.

Carsten Fink, Aditya Mattoo and Randeep Rathindran (2001) in their study titled, “Liberalizing Basic Telecommunications: The Asian Experience” have found that despite the move away from traditional public monopolies, most Asian governments are still unwilling to allow unrestricted entry, eliminate limits on private and foreign ownership, and establish strong independent regulators. A comprehensive reform including privatization, competition and regulation has been implemented and there are significantly higher levels of main line availability, service quality and labour productivity.

Singh, 2017 in an empirical study impact of Reliance Jio on Indian Telecom Industry using SWOT analysis, found various potentials available for Jio to upgrade its competitive strategies with reference to the existing scenario prevailing and the level of offerings by other players in the industry. (Haq, 2017), in a qualitative research, used differential plans comparison and found correlation with subscription share & concluded that: Data is the new oil which will run future rigorously and massive investment in visual & delivery of content is anticipated. (Satyanarayana et al., 2017), studied how Jio affected equilibrium in the mobile industry and conclusive effect on to the rate of mergers & acquisitions among other market players so as to establish & retain their vital position in the industry& concluded: It will be too difficult for small players in the industry to make a significant market share. The only option is to make strategic alliances with other competitors. (Sharma, 2017) studied the extent of stability, competition, collusion and profits in the Indian Telecom industry and concluded that: if the industry gets back to the grassroots and gets in touch with its customers, it could become well equipped to face the challenges. (Borah, 2017) studied the major policy reforms in the Indian telecommunication

RESEARCH STUDY

OBJECTIVES OF THE STUDY

The study has been conducted for financial overview of Reliance - Jio

The specific objectives of the study are:

- 1)To gain an overview of the present financial situation of reliance-jio
- 2)To identify key attributes in the financial business model of Reliance JIO.
- 3)To define the ways in which reliance jio has made strategy to accomplish more subscriber base
- 4)To assess the key ways in which Reliance JIO has dominated the entire telecom industry with it's revenue model

NEED AND SCOPE OF THE STUDY

This study helps to gain overview of financial condition of reliance-jio.

The study makes effort to ascertain the satisfaction level of customer of Reliance JIO so that we can understand the financial trend of JIO network. The company can come up to the expectation only by finding out the problem that customer are facing. The subject has been taken for the research as it plays key role in the success of Telecom sector. No company can think of selling their assets worth of crores just to clear thier dues. No company can survive in long run without coming up to the satisfaction level of customer.

In short it is the level of pricing strategy that is link between end-user and company. As long as the company is able to cope up with others in sense of pricing and sevice , customer would remain in the bracket of loyal customer. Hence it is very essential to understand the customer satisfaction and to measure the satisfaction level time to time as there is always scope of improvement.

The research will also be beneficial in analyzing the overall financial market position of the company and measures which should be adopted by the Reliance JIO to increase their market share in the region of Nagpur.

HYPOTHESIS

Hypothesis is an idea or explanation that you test through study and experimentation outside science. A theory or guess can also be called as hypothesis.

H0: Price and service model have insignificant impact on customer.

H1: Price and service have a significant impact on customer switching behavior

PROBLEM DEFINITION

Even though the sector has reflected promising growth, the tele density in India still remains at a very low level compared with international standards and thus providing tremendous opportunity for future growth. In the medium-term, the industry is expected to continue to record good subscriber growth as a result of low penetration levels, heightened competition; a sustained fall in minimum subscription cost and tariff that increase affordability for lower-income rural users, expansion of coverage area by mobile operators, and government support through schemes such as the rural infrastructure roll out funded by subsidies from the Universal Service Obligation (USO) Fund. The Indian telecom sector offers unprecedented opportunities in various areas, such as rural telephony, 4G, virtual private network, value-added services, et al. Nonetheless, the lack of telecom infrastructure in rural areas and falling ARPU of telecom service providers could inhibit the future growth of the industry

- **Rapidly Falling ARPU (Average revenue per user)**
- **Lack of Telecom Infrastructure**
- **Rural Areas Continue to Remain Under Penetrated**
- **Excessive Competition**
- **Lower Broadband Penetration**
- **Spectrum Allocation**
- **Other Growth Inhabiting Factors**

Reliance Industries Ltd (RIL) has announced that it has become net-debt free. In March 2020, the company had reported a net debt of ₹1.61 trillion (\$21 billion). Since then, it has raised \$15.2 billion by selling stakes in Jio Platforms Ltd. Its \$7 billion rights issue was oversubscribed 1.6 times.

A stake sale to BP for the petro-retail joint venture (JV) is also expected to conclude in FY21 and bring in about ₹7,000 crore to the kitty. Since the stated intent of the company was to reduce its reported net debt to zero by end-FY21, more needs to be done to achieve the target. It may be more appropriate to say that RIL's reported net debt is on its way to becoming zero.

RESEARCH METHODOLOGY

SAMPLE SIZE:

Here researcher has used random sampling. It includes the random survey of the people.

Specifically, researcher has used the random sampling. In this researcher have selected the population based on the easy availability.

RANDOM SAMPLING:

Sampling can be defined as a part of population. Thus random sampling may be defined as the selection of a portion from the whole population in which each elements of the population has an equal chance of being selected. A more apt definition will be that each element in the population has a non-zero and known probability of selection a randomly drawn sample is an unbiased sample.

Research also usually reaches its conclusions on the basis of sampling, but its methods must adhere to certain scientific rules. Not only a research practitioner but a business decision maker needs a substantial grasp of sampling theory to appraise the reliability and validity of sample information that would underlie their decisions.

REASONS FOR SAMPLING:

There are four major reasons, pertaining especially to financial situations, for deciding to take a sample:

1. Decision makers have a time frame in which to make a decision based on whatever information can be obtained in that period.
2. The cost of gathering information is a compelling consideration in favor of sampling.
3. The accuracy of the information may not be justifiably enhanced by taking a complete enumeration.

Sampling Unit: General public, Youths, Employees of some organization of Nagpur City

Sample Size: 50 respondents as a sample size from different areas of Nagpur City.

Sampling Technique: Random sampling, Sampling items are selected by the judgment of the researcher.

Sampling Frame: Colleges, Youth gathering places, Shops.

Statistical Tools: Graphical Presentation like Tables, Bar chart, Pie chart etc.

Location of Survey: Nagpur City.

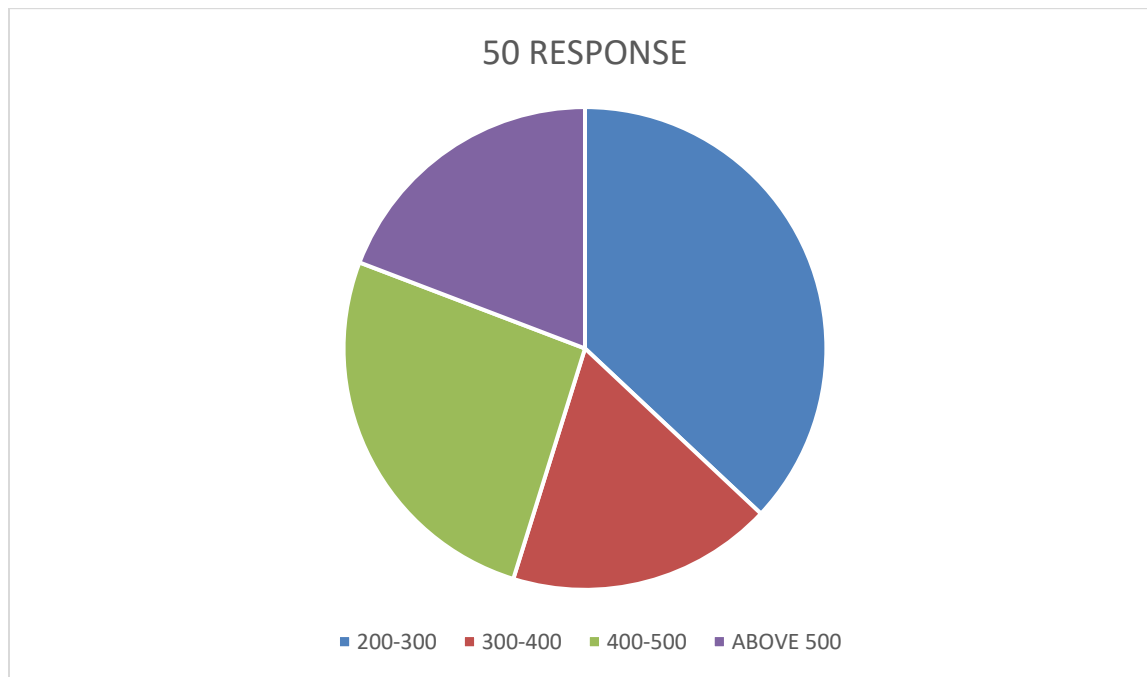
The method used for selecting the people was random sampling method.

Time Span of the Field Work: The field work was carried out in a span of nearly 8 week.

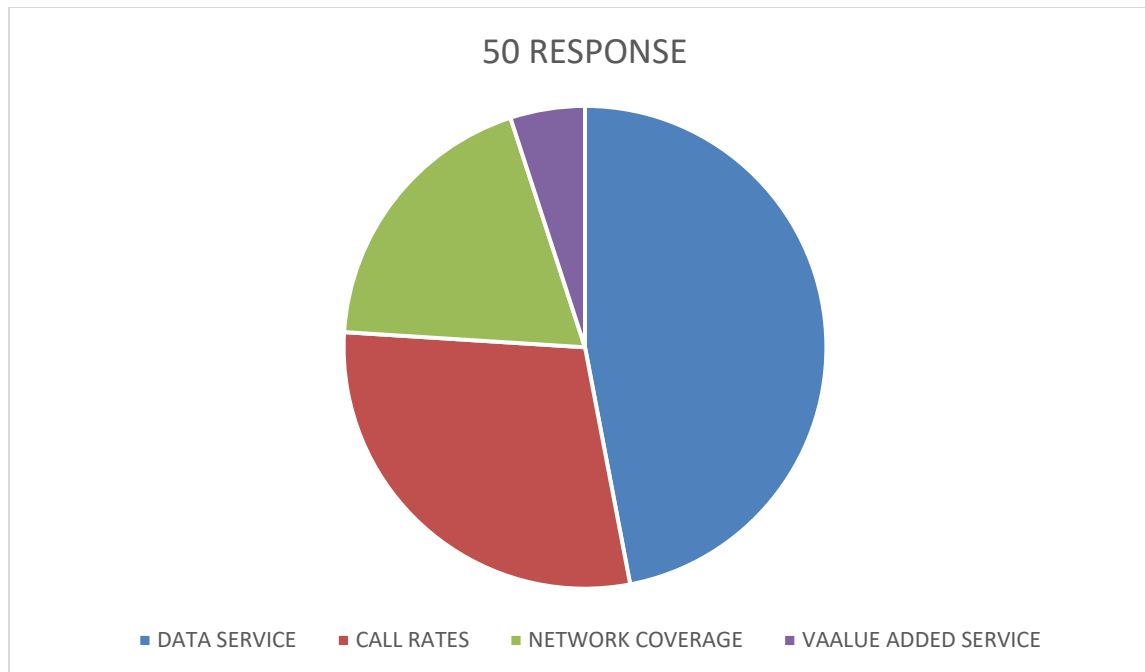
DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS & INTERPRETATION

AVERAGE MONTHLY EXPENDITURE FOR MOBILE SERVICES

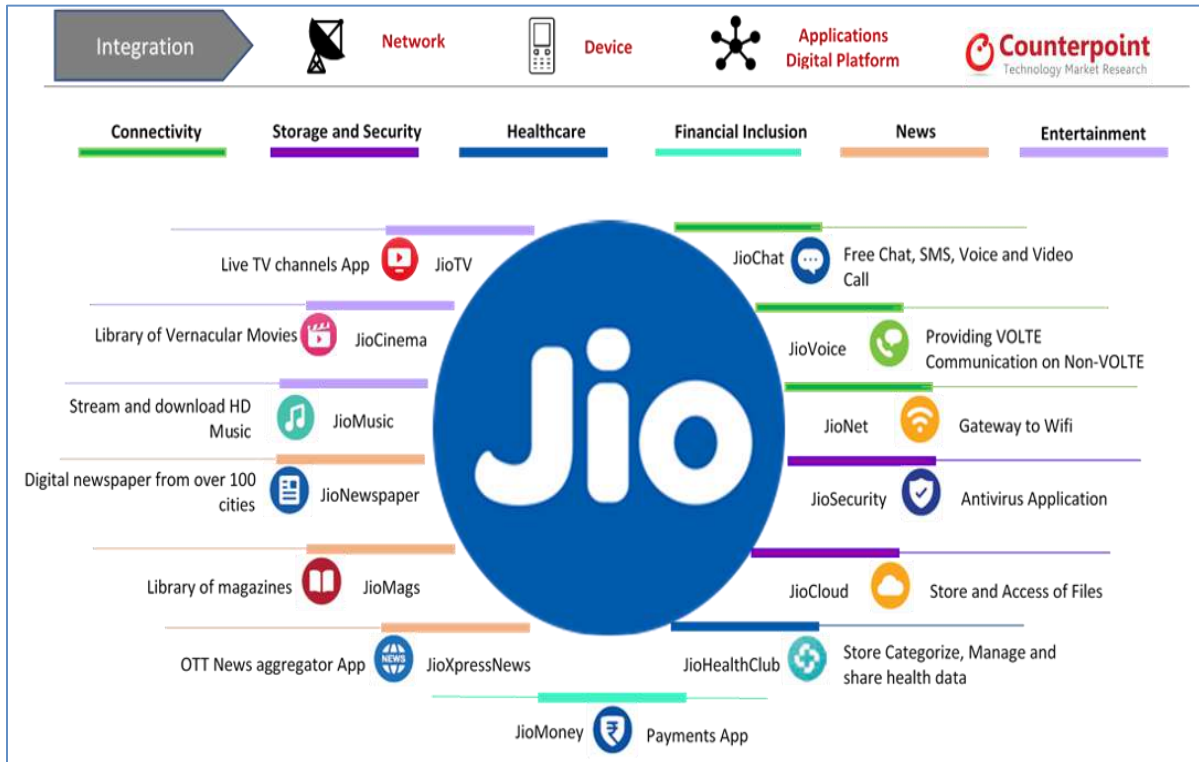


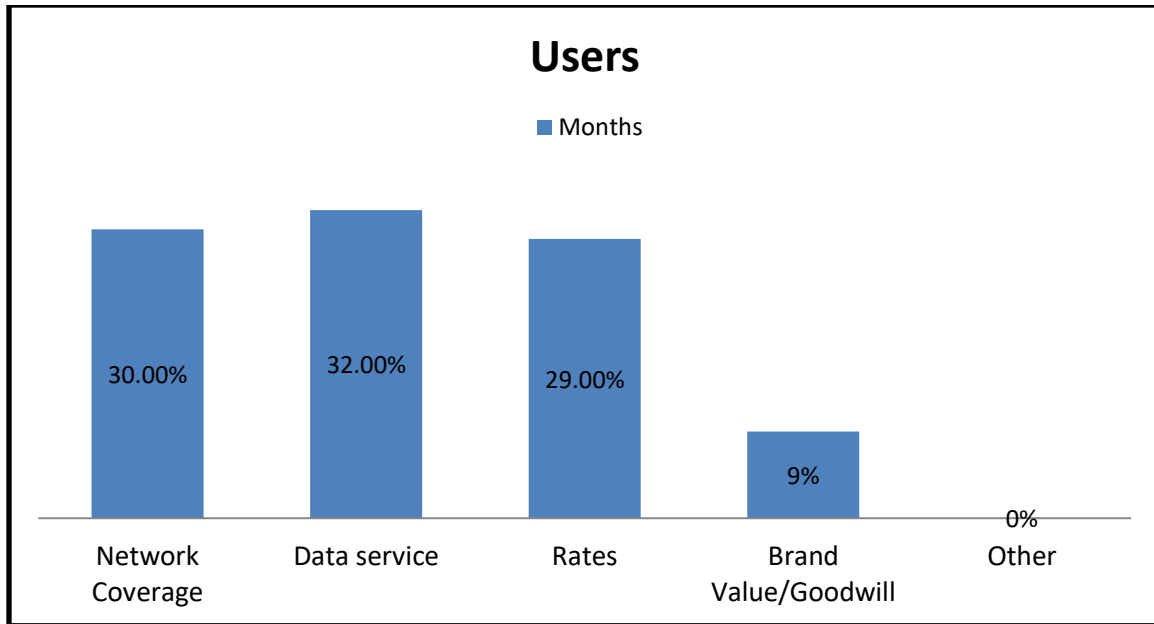
Herein, in this question, in survey question asked that the average expenditure customer spend on their mobile recharge. whereas,37% of people spend 200-300 in their recharge. whereas,17.8% of people spend 300-400 in their recharge. whereas,26% of people spend 400-500 in their recharge. Others spend above 500 in their monthly recharge. This question is to know the monthly expenditure consumer spend on their mobile phones.



This question was one of the most important questions of the survey. According to the data surveyed and collected, 47% of the population states that data services which Reliance Jio provides is one of the most important thing that they liked while using Reliance Jio services which comprises a total of 16 people. 29% of the population says that they like Reliance Jio's call rates as one of the most convincing factors which comprises a total of 6 people. Also, it wouldn't be incorrect to say that the free calls were one of the best strategies of Reliance Jio to capture majority of the market share. 19% of the population states that network coverage is Jio's main convincing factor and one person is in this favour. 5% of the population says value added service. this data is confined to a limited number of people, the survey results are confined to them and to the survey of the entire country.

In the above chart, 33% of respondents were come to know about the JIO Sim through Social Networks. E-media is best for the promotion and advertisement in this era and company should promote in this media more rigorously to get more response.



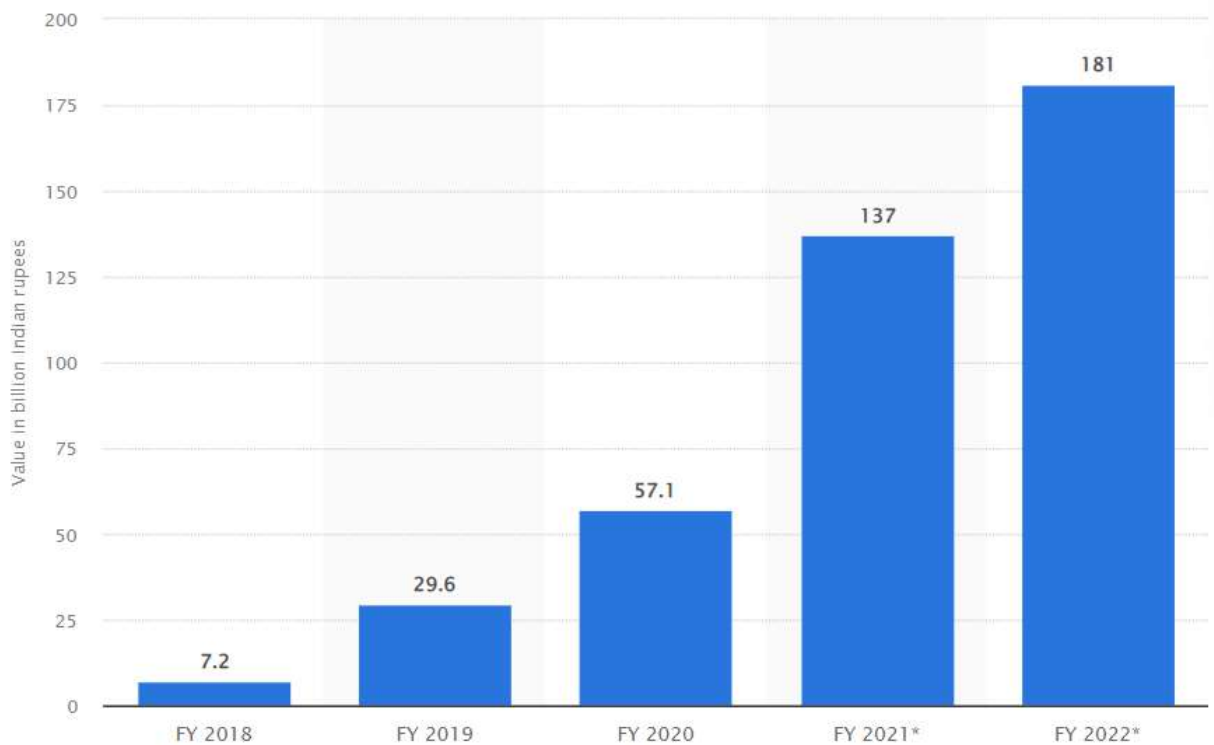


INTERPRETATION:

- 30% of respondents are using JIO because of its network coverage.
- 32% of respondents are using JIO because of its Data service.
- 29% of respondents are using JIO because of its Rates.
- 9% of respondents are using JIO because of its Brand value.
- 0% of respondents are using JIO because of some other feature.

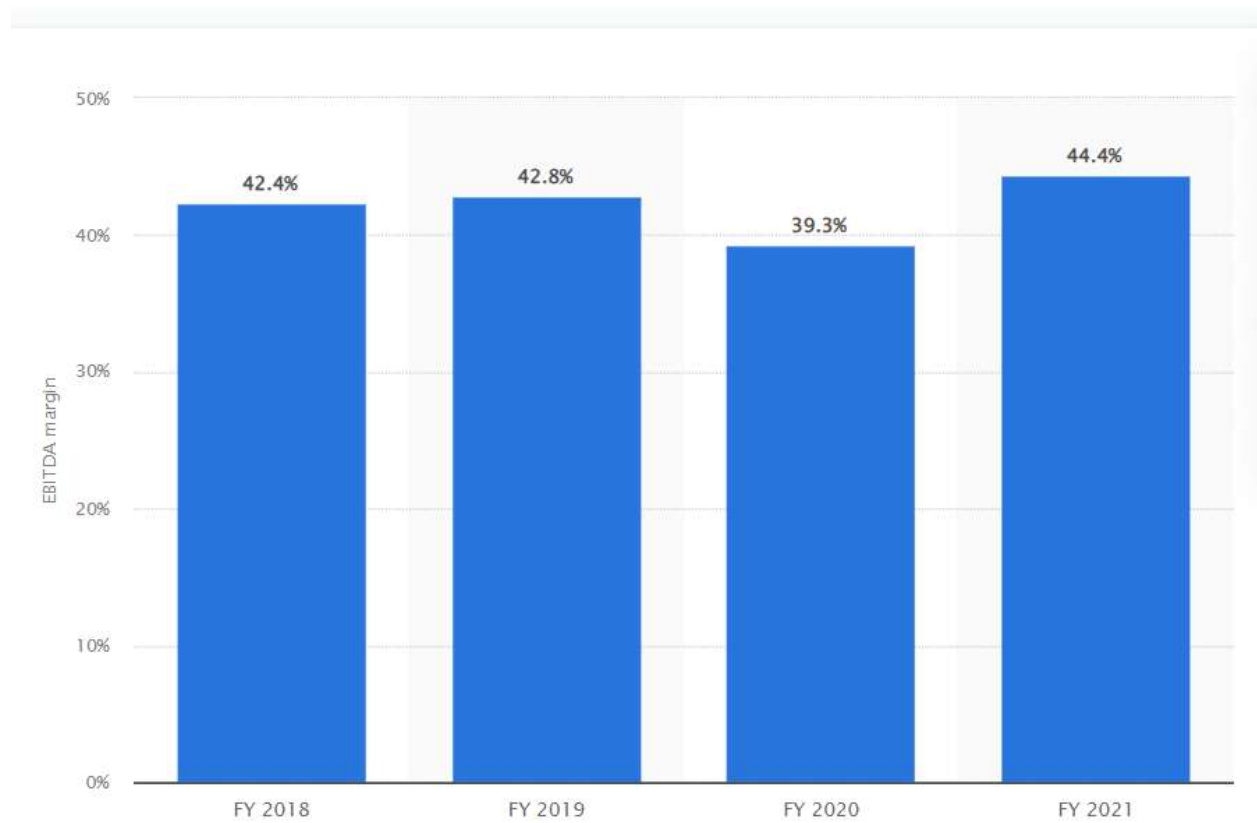
No. of JIO users have increased more due to their network coverage & rates, so we can say company can promote its other components for customers to fall for it.

Adjusted profit after tax (APAT) for Reliance Jio Infocomm Limited from financial year 2018 to 2020 with estimates until 2022



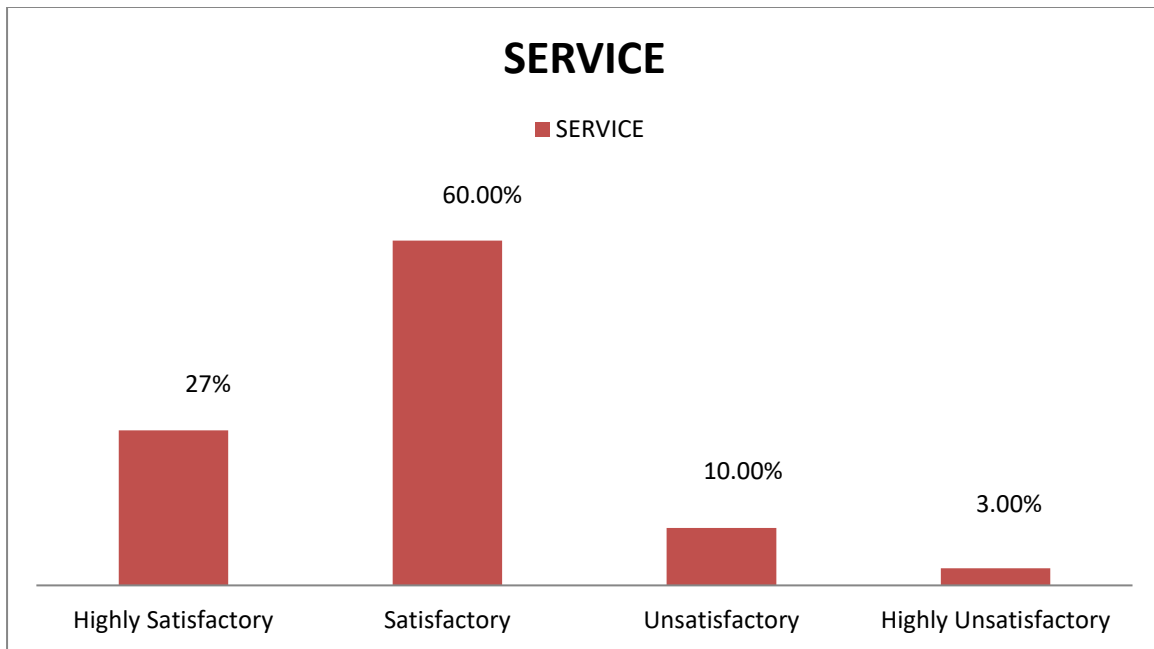
At the end of fiscal year 2020, the adjusted profit after tax of Reliance Jio across India was over 57 billion Indian rupees. This was estimated to reach approximately 181 billion rupees by the end of fiscal year 2022. Reliance Jio, owned by Mukesh Ambani had the second largest number of mobile network subscribers in India as of 2020.

EBITDA margin of Reliance Jio Infocomm Limited in financial year 2018 and 2021



At the end of fiscal year 2021, the EBITDA margin of Reliance Jio was around 44 percent. Reliance Jio had the largest number of mobile network subscribers in India, with approximately 426 million users by the end of 2021.





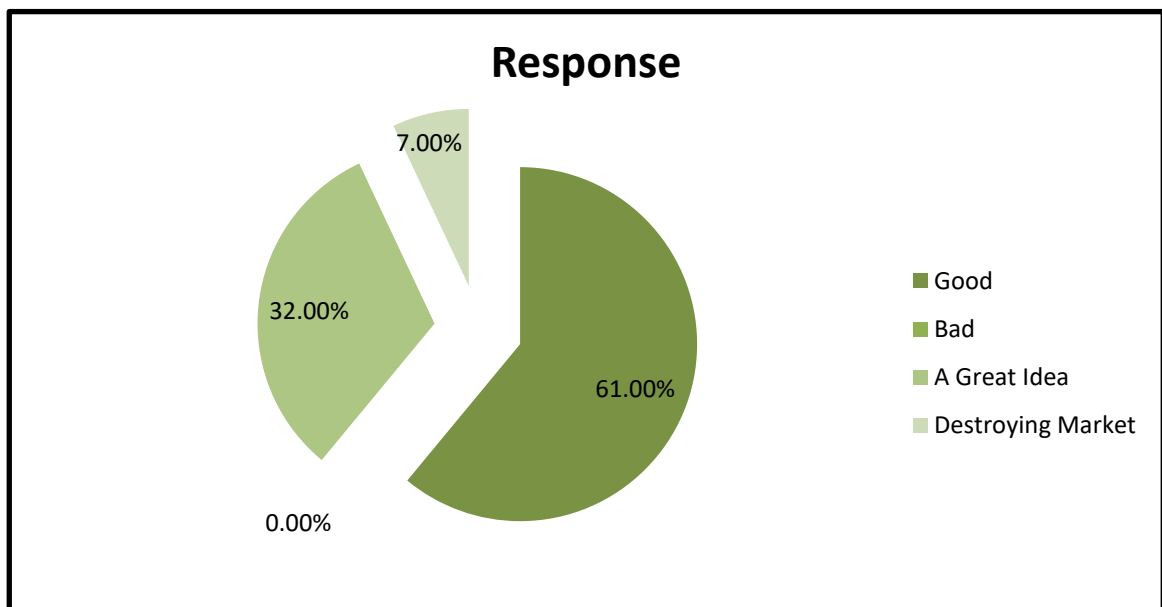
INTERPRETATION:

- 27% of respondents say services are highly satisfactory.
- 60% of respondents say data services are satisfactory.
- 10% of respondents say that the services are unsatisfactory.
- 3% of respondents say that the data service & network are highly unsatisfactory.

60% of the respondents say that the data service provided by the company is satisfactory, which is good but there is scope for improvement.

I FEEL THE COMPETITIVE ADVANTAGE WHICH JIO HAVE IS -**Table No.8**

Choose the service	No. of respondents	% of respondents
Good	30	61%
Bad	0	0%
A Great Idea	16	32%
Destroying Market	4	7%
Total	50	100%

**INTERPRETATION:**

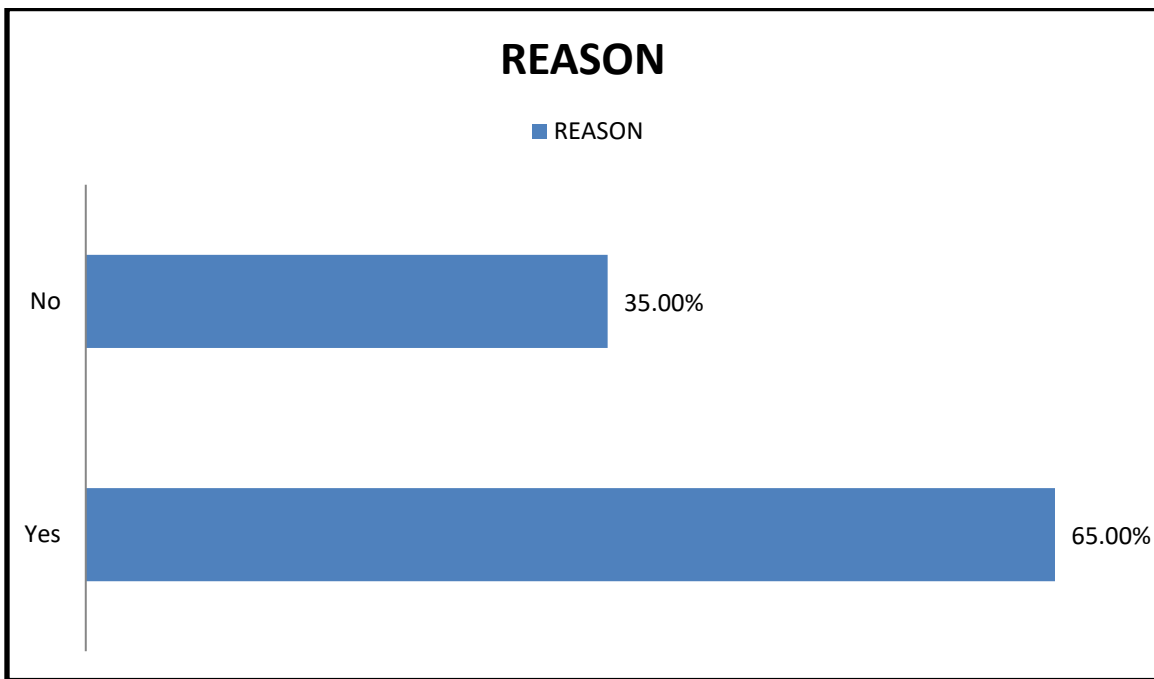
- 61% of respondents say that the competitive advantage is good.
- 0% of respondents say that the competitive advantage is bad.
- 32% of respondents say that the competitive advantage is a great idea.
- 7% of respondents say that the competitive advantage is a destroying market.

Most customers think that the competitive advantage is good.

AS COMPARED TO OTHER NETWORK, WILL I CHOOSE JIO -

Table No.9

Response	No. of respondents	% of respondents
Yes	33	65%
No	17	35%
Total	50	100%



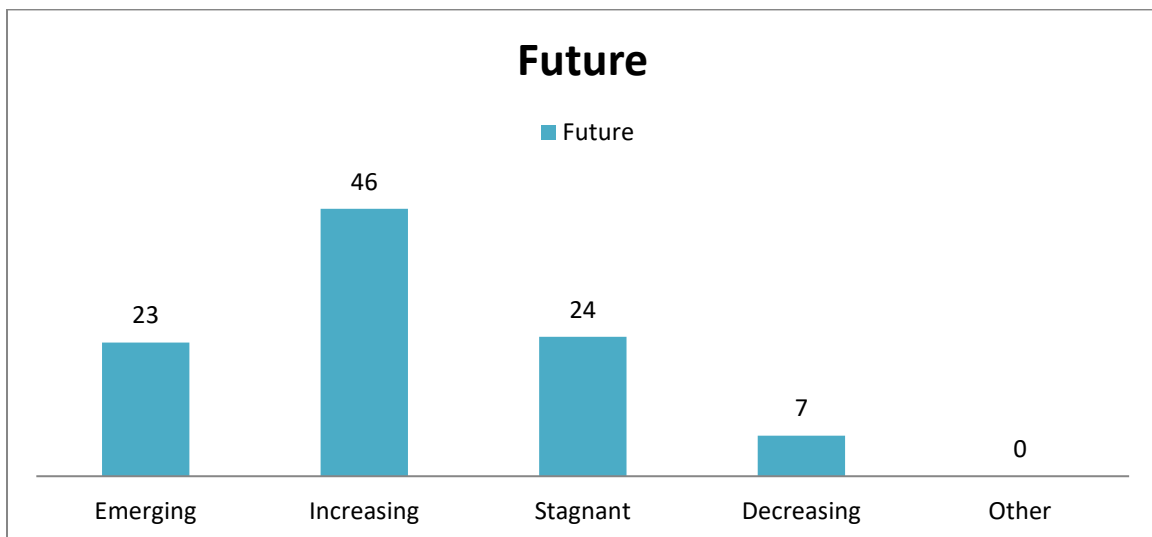
INTERPRETATION:

- 65% of respondents say that they will chose JIO over other networks.
- 35% of respondents say that they will not chose JIO over other network.

35% Customers responded that they will not chose JIO over other network, so company need to focus on those customers.

MY OPINION REGARDING FUTURE OF JIO -**Table No.10**

Response	No. Of respondents	% Of respondents
Emerging	11	23%
Increasing	24	46%
Stagnant	12	24%
Decreasing	3	7%
Other	0	0%
Total	50	100%

**INTERPRETATION: .**

46% of the respondents thinks that the future of JIO network is increasing. Company has to go to the roots as to why other customers thinks future of JIO is not good, it should evaluate and take corrective actions.

LIMITATIONS

LIMITATIONS

- The researcher faced following limitations during his training.
- The respondents were hesitating in sharing the information.
- The sample size is very small in comparison to the actual population.
- There were only 50
- days for the completion of the project.

CONCLUSION

CONCLUSION

Reliance JIO has become a very successful brand in India & providing customer satisfaction is to be their main motive. It provides unlimited free calling and data services & SMS on the move as people are more dependent on it in their daily lives like wide network coverage and good 4G services.

Reliance JIO possesses congestion free & wide network coverage, attractive 4G schemes & customer services as well as lifetime roaming free services. Providing customer satisfaction is the most crucial step of the company as they are to be satisfied and provides Internet access on the move such as Wide network coverage and good 4G services as they are important and technology advanced stuff required by almost everybody in today's environment

From the details it can be concluded that 65% of respondents will use JIO over other networks. JIO is capturing the wide area of Indian markets increasingly day by day. Hence, these statistics imply a bright future for the company. It can be said that in near future, the company will be booming in the telecom industry.

Hence, hypothesis H0 i.e. Service and revenue model has insignificant impact on customers.

Whereas, hypothesis H1 i.e. service and revenue has a significant impact on customer switching behavior is justified.

SUGGESTIONS

SUGGESTIONS

Below are some suggestions that company could follow to get the extra edge in the competition:

1. The Reliance JIO must focus on rural areas to get the people's attention and gather the rural people interest. Because most of completion is at the rural region, company needs to penetrate in those region to get competitive advantage.
2. The best competitive edge which a company can get is through its distribution channels. Replenish the products on Retailer's shop on right time so that customers could get it when they need it the most.
3. Retailers are the main backbone of the distribution chain. We should try building a good relationship with all retailers, praise them, give them gifts, recognition & honor them on several occasion, for if our retailers will be satisfied so as our customers.
4. The competition these days is of network coverage and pricing, remove (exterminate) the problem of calling congestion or call drop or any other technical issues which customers are facing to earn that edge.
5. To penetrate in the market, make the advertisement of Reliance JIO by putting hoardings, boards, posters, and neon (electric) sign boards in every areas. It should be highlighted punch line "LYF DEKHO LYF JAISI".
6. Get the feedback from existing customers about Reliance JIO and take the reference for making new customers so that the customer base would get expanded.
7. The customer care people and also employees in Reliance JIO should try to convey brand Reliance JIO while talking to people.
8. Enhance the market penetration & shares in every market and give the high competition to others company.
9. Company needs to check on the customers who are saying they will not chose JIO network over other networks.

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ANNEXURE

ANNEXURE

1. Name:

Age:

Profession: (a) Govt Sector (b) Private Sector (c) Student (d) Housewife (e) Other

Gender: (a) Male (b) Female

2. I got to know about JIO Network from -

- (a) Print Media
- (b) Audio-Visual Media
- (c) Friends / Neighbour
- (d) Social Media

3. The telecommunication Brand I use -

- (a) Vodafone
- (b) JIO
- (c) Airtel
- (d) Other

4. If I'm not using JIO, am I planning, in near future, to switch the network to JIO -

- (a) Yes
- (b) No
- (c) Not Sure

5. I see the following components in a network before choosing it -

- (a) Network Coverage
- (b) Data Service
- (c) Rates
- (d) Brand Value / Goodwill
- (e) Other

6. I feel pricing strategy of JIO is -

- (a) Unique
- (b) Good
- (c) Bad
- (d) Awful

7. I feel network coverage & data speed of JIO is -

- (a) Highly Satisfactory
- (b) Satisfactory
- (c) Unsatisfactory
- (d) Highly Unsatisfactory

8. I feel the competitive advantage which JIO have is -

- (a) Good
- (b) Bad
- (c) A Great Idea
- (d) Destroying Market

9. As compared to other networks, will I choose JIO -

- (a) Yes
- (b) No

10. My opinion regarding future of JIO -

- (a) Emerging
- (b) Increasing
- (c) Stagnant
- (d) Decreasing
- (e) Other