SUMMER PROJECT REPORT

Phase-II

Summer Internship at

Monarch Networth Capital Limited

Project Title: Top Down Approach – Fundamental Analysis

Submitted to: Prof. Tripurasundari Joshi

Submitted by: Yash Surana (191465)

Batch: MBA FT (2019-2021)

Date of Submission**:** 5th July, 2020

Project Details

Name of the Student: Yash Surana

Roll no.: 191465

Name of the Organization: Monarch Networth Capital Limited

Industry: Financial services industry

Address: Monarch House, Opposite Ishwar Bhuvan, Navrangpura, Ahmedabad

Project Title: Top Down Approach – Fundamental Analysis

Internship Period: 1st May, 2020 to 1st July 2020

Company Mentor: Mr. Arpan Shah, Technical Analyst at Monarch Networth Capital Limited

Acknowledgement

The satisfaction that accompanies the successful completion of any work would be incomplete without mentioning few people and institutions who made it possible, whose constant guidance and encouragement crowned my efforts with success.

To start with, I would like to express our sincerest gratitude to **Mr. Arpan Shah**, Technical Analyst at **Monarch Networth Capital Limited** for the continuous guidance and support without which the report could not have been completed successfully.

I would like to thank **Institute of Management, Nirma University** for giving me this opportunity. I also sincerely thank my academic mentor, **Prof. Tripurasundari Joshi** (Faculty mentor, IMNU), who supported me to learn as much as possible from this opportunity.

Table of contents

Executive Summary 5

Part A: Company Profile 6

About MNCL 6

Growth story of MNCL 8

Industry Classification **8**

Part B: Project work 10

Project Details 10

Methodology **11**

Fundamental Analysis of Reliance Industries Limited 12

Introduction 12

Comparison of RIL with Global Peers 14

(a.) Reliance Refinery V|S Nayara Energy (Formerly Essar Oil) 14

(b..) Reliance Jio Infocomm Limited V|S Bharti Airtel Limited 16

Quantitative Analysis of Profit & Loss and Balance Sheet 19

(a.) Income Statement Overview: - 19

(b.) Financial Position Overview: - 22

Future Prospectus for Reliance Industries Limited 24

Economic Cycle 25

Impact of the Economic Cycle on Business Operations 25

India's current stage of Economic cycle 25

Comparison between China & India's Growth 27

China's Economic cycle 30

1991 Indian Financial Crisis 30

2008 Global Financial Crisis 32

How current 2020 Crisis is different from the past crisis and current measure taken by the Government (Domestic and Global) 35

FPI/FII Investment Trend in India 36

Part C: Conclusion 38

Learnings 38

Recommendations 40

Bilbliography 42

Annexure 1: The Journey of Reliance Industries Limited 44
Annexure 2: Number of Reliance Jio Subscribers in India (By Fiscal Quarter) 46
Annexure 3: Impact of the Economic Cycle on Business Operations 47
Annexure 4: Trends of Foreign Portfolio Investment in India 48

Executive Summary

The project is based on the equity research of companies in order to understand and analyse their financial performance and buying-selling nature of firm's assets in the stock market. This extensive research is done with the help of fundamental analysis which comprises of economic and market analysis, analysis of financial statement, forecasting of relevant payoffs and formulating a security value.

The journey of **Reliance Industries Limited**, a small business to the largest company of India is presented in the following report. It also focuses on comparing the two major businesses of RIL: Reliance Refinery and Reliance Jio Infocomm Limited with their Global players: Nayara Energy (Formerly Essar Oil) and Bharti Airtel Limited respectively. The financial statements of RIL are analysed in order to measure the intrinsic value of the stock and to conduct an asset valuation to predict where its price will go.

This report also comprises of the analysis of the current scenario of COVID-19 and understanding the pros and cons as well as the impact of this crisis on the market and the Indian Economy as a whole. It involves detailed study of various topics such as status of Indian economy in terms of economic cycle, Comparing China and India's growth story, Comparing the pre-crisis and post-crisis scenario to understand the measures taken by Government. The trends of Foreign Portfolio Investment in India are also explained along with their pros and cons.

(234 words)

Part A: Company Profile

About MNCL

Monarch Networth Capital Limited (MNCL), formerly known as Networth Stock Broking Limited, is a financial service provider and primarily engaged in security and commodity contracts brokerage. The company articulates in Broking, Wealth Management, Non-Banking Financial Business and others. The company is involved in direct sales or client acquisition as it has 71 offices across India where they have more than 400 skilled professionals to help the clients in online trading platforms and other financial services offered by the company as per the requirements. The distribution channels as sub brokers are also a part of distribution network with around 350 sub brokers the company acquire clients and gain benefits out of it. The company focuses on customized and personalized strategies for their clients to help them reach their financial goals using upgraded technology, most creative techniques and best research methodology which are cost effective and profit maximizing.

The Markets of MNCL are as follows: –

- Equities and Derivatives
- Commodities
- Currency Derivatives
- Mutual funds
- Insurance
- Initial Public Offering (IPO)
- Exchange Traded Funds (ETFs)

The Products and Services of MNCL are as follows: -

- Comprehensive Financial Planning
- Merchant Banking
- Portfolio Management
- Market maker services
- Investment Banking
- Tax free bonds
- Loans against shares
- Depository services
- Systematic Investment Plan (SIP)
- Mobile Trading Platform
- National Pension System

Approximately 75-80% of the revenue of the company comes mainly from the brokerage business. Comparing MNCL with its competitors, it keeps the brokerage business pricing at a minimum level, so the company can acquire potential customers.

The organization needs to position itself as an innovative organization, while providing various financial services and helping it also expand its customer base around exploratory consumer loyalty. Nowadays, Online trading is the focus of such companies so they also tried to introduce a new application with fast services called moneymaker.

The company is involved in direct sales or client acquisition as it has 71 offices across India where they have more than 400 skilled professionals to help the clients in online trading platforms and other financial services offered by the company as per the requirements. The distribution channels as sub brokers are also a part of distribution network with around 350 sub brokers the company acquire clients and gain benefits out of it.

The organization can develop its administrative management and its customer base year after year, and further expand its operational capabilities, because we can determine that the absolute consumption of the company decreases year after year. In 2019, due to financial difficulties, the number of transactions has decreased compared to the previous year, reducing the number of advertising members for stock showcases and inevitably reducing the organization's overall business revenue.

Growth story of MNCL

After analysing every aspect of the company I can say that the company is a very successful venture it started with a team of 5 people and now grown tremendously by covering almost 70+ locations all over India and increased its online offerings from just equity to all types of financial services such as commodities, forex, IPO, wealth management, equity research .It has acquired .6% of total active D Mat account in the market. It is a well-recognised firm in the market with a CAGR growth of about 10% in total. It is also listed in the BSE and NSE.

At Monarch Networth Group, the talented pool of people comprises of qualified and experienced professionals with established track record. They have dynamic and visionary team of leaders instils in them the spirit of innovation and service attitude. The team futuristic vision, strong technical and technological expertise, leadership skills and market insight, inspire the employees to deliver unique and tailor-made financial services. Companies human capital strength stands stronger at more than 642 professionals. The company is always ready to serve their clients with extensive research and financial experts. The NBCK corporate and institutional clients have been hugely benefited by their research inputs, approachable advisors and transparent transactional process.

Industry Classification

The company comes under financial service industry. The term "financial services" comprises many different things. Following are the domains under this head: -

- Commercial Banks (Banking)
- Investment Banks (Wealth management)
- Insurance Companies (Insurance)
- Brokerage Firms (Advisory)
- Planning Firms (Wealth management, Advisory)
- CPA Firms (Wealth management, Advisory)

For the financial services industry, this expansion may become a reality due to the size of these large technology companies and the characteristics of their digital ecosystem (decentralized production, close ties with related markets, and global distribution of products and services)

The widespread adoption of smart devices, cloud computing, and the digitization of financial services through data accessibility and availability have brought the industry to the brink of collapse and reshaped the competitive landscape, facilitating entry for new entrants to certain financial sectors countryside. As a result, new fintech companies or start-ups have begun to compete in specific areas of financial services, while large technology companies have begun to expand their digital ecosystems in new areas of financial services.

Part B: Project work

Project Details

The Project is an Equity Research Based Project and focuses on the Fundamental analysis of a large cap company: Reliance Industries Limited. It comprises of economic and market analysis, analysis of financial statement, forecasting of relevant payoffs and formulating a security value. It is done in three parts: Economic analysis, Industry analysis and Company analysis. Starting from the detailed study of the company's entire journey and diversifications, we have to compare it with the global peers and provide the future outlook of the company by analysing their financials. The company is operating in financial service domain with many products to offer from brokerage, portfolio management, Research work. So, in the research advice domain I have been assigned the work of equity Research by analysing different companies with fundamental analysis. As the company provides this weekly basis research report on different stocks to its D Mat account holders as perks of being a Monarch Networth Capital Limited customer. I have been assigned mainly large cap companies for analysis and research report keeping in account various economic factors and the potential of the company to predict the future of the stock.

The project also involves analysing the economic cycle and studying the impact of the current crisis: COVID 19 on the economic cycle of India as well as China. A comparison has also been made between the two major countries: India and China in terms of their growth and economic cycle. The pre-crisis and post-crisis scenarios have also been discussed along with the measures taken by the Government. The project also implicates the understanding of trend and importance of Foreign Portfolio Investment (FPI)/ Foreign Institutional Investor (FII) in India.

Objectives of the study: -

The objective of this project is to study the basics of stock market which helps to analyse whether the stock is overvalued or undervalued. Fundamental analysis is a tool to determine the company's growth prospects and also involves the study of various factors that affect a company's earnings and dividends. The purpose is also to understand how Indian economy works and how market fluctuates at the time of crisis.

Methodology

- **Approach:** The approach opted for this project was quantitative as well as qualitative wherein it involved performing the fundamental analysis of the company with the help of financials that is Profit and loss sheet and Balance sheet. It implicated drawing data from the annual report of the company and comparing it with the past data to predict the future outlook of the company. So, this analysis was done based on the quantitative data such as financial statements and graphs. The project also included research on the economy of the country and the impact of current crisis: COVID 19 on the economy so it included qualitative data.
  Thus, a mixed approach has been used to reach to the conclusion.

- **Sources of data:** The sources of data for this particular project were secondary as the research was done based on financial statements which were extracted from the annual report of the company. The study of the economic cycle was also done by reading the articles of the famous economists and news. Some analysis was also done by reading the books: Fundamental analysis for dummies, India unbound and Bulls Bears and other Beasts.

- **Method of Data Collection:** The method of data collection for this project was published literature sources, documents and records which was a mixture of quantitative as well as qualitative approach.

- **Method of Data Analysis:** Many research papers and articles were referred in order to analyse the data.

- **Presentation of Data:** The project is divided into two parts: Fundamental Analysis of Reliance Industries Limited and Economic cycle. The data is presented accordingly.

Fundamental Analysis of Reliance Industries Limited

Introduction

"For those who dare to dream, there is a whole world to win."

- Shri Dhirubhai H. Ambani

Founder Chairman, Reliance Industries Limited

Reliance Industries Limited (RIL) is an Indian multinational firm which is made up of several different companies. The founder of Reliance Industries Limited was Shri Dhirubhai H. Ambani. The company chairman and managing director of RIL are Mukesh Ambani. Reliance Industries is the largest private company in India on all major financial indicators. Reliance has energy, petrochemical, textile, natural resources, retail and telecommunications businesses in India. Reliance Industries Limited is also in the business of refining which includes the manufacturing of petrochemicals, refined petroleum products, basic chemicals, fertilizers and nitrogen compounds, primary forms of plastics and synthetic rubber. It is also India's largest publicly traded company by market capitalization and India's largest company by revenue. The company has manufacturing facilities all over the country in locations such as Dahej, Hazira, Allahbad, Hoshiarpur, Jamnagar, Nagothane, Nagpur, Naroda, Patalganga, Silvassa and Vadodara.

Reliance Industries Limited has 123 subsidiary companies and 10 associate companies. It is India's largest and most profitable private sector company. RIL continued to be a significant global player in the integrated energy value chain while establishing leadership positions in the retail and digital services business in India. RIL is now focused on building platforms across its industry-leading businesses that will herald the Fourth Industrial Revolution and will create opportunities for the nation to realize its true potential.

The journey of Reliance Industries Limited is from a small business to the largest company of India. **(Annexure: 1)**

Business Verticals of RIL: -

- **Refining and Marketing:** The robust operational performance, superior configuration and consistent high utilization of refineries at Jamnagar complex have helped Reliance Industries Limited outperform the Singapore refining benchmark.

- **Petrochemicals:** Owns and operates one of the most integrated petrochemicals facilities globally, with a portfolio comprising polymers, polyesters, fibre intermediates, aromatics and elastomers. For petroleum retail business, the brands which exist in RIL are Reliance Gas, Reliance Petroleum retail, Reliance Aviation, Auto LPG, Trans-connect, A1 Plaza, Qwik Mart, Refresh, Relstar. The textile owned brands are Only Vimal, Vimal Gifting, Deo2, Protector, D-creased, Nice, MacroMancini, H. Lewis. The licensed brand of RIL is Georgia Gullini.

- **Oil and Gas:** Upstream portfolio in India includes operations in conventional Deepwater acreages and the unconventional Coal Bed Methane (CBM) block.

- **Retail:** India's largest retailer by reach, scale, revenue and profitability. Established presence across key consumption baskets and holds a leadership position in food, consumer electronics and fashion retailing. The retail owned brands are Reliance Fresh, Reliance Smart, Reliance Market, Reliance Digital, Jio digital life, iStore in Reliance digital, Reliance resQ, Reliance Jewels, Reliance footprint, Trends, Trends woman, Trends man, Ajio.com, Projecteve.

- **Digital services:** Jio has built a world-class all-IP data, strong future-proof network with the latest 4G LTE technology. It is the only greenfield all-IP network supporting voice over LTE (VoLTE) Technology.

- **Media and Entertainment:** Network 18 is a media and entertainment powerhouse with its foothold in television, filmed entertainment, digital business, magazines, mobile content and allied businesses. The services provided by Reliance Industries Limited are Jio, MyJio, JioTV, JioSaavn, JioCinema, JioNews, JioMoney, JioSecurity, JioChat, JioNet, JioCloud, Jio4GVoice, JioHealthHub, JioBrowser.

Comparison of RIL with Global Peers

(a.) Reliance Refinery V|S Nayara Energy (Formerly Essar Oil)

With crude processing capacity of about 1.24 million Barrels per Stream Day (BSPD), the Jamnagar Reliance Refinery is the world's largest refining hub. This refinery is ready for future and can produce gasoline and diesel of any grade. The gasoline and diesel produced at Jamnagar refinery is for export and is exported to several countries, mainly to US and Europe. Besides, oil it has currently increased production of polypropylene, so that it can create products such as fibers, films and household plastic goods. On the other hand, Nayara Energy (then Essar Oil Refinery Ltd) is the second largest single site in the country with the capacity of 20 MMTPA and a high complexity index of 11.8.

While the complexity index of Jamnagar Reliance Refinery has risen by over 66 percent i.e. from 12.7 to 21.1 in 2019-20, making it capable to widen its range of production for crude oil and boost its margins. It ranks first in the world in complexity barrels. Complexity Index mentions the capabilities of a refinery to upgrade the lowest quality crude to the highest quality refinery products, including fuels and petrochemicals.

However, with the current Covid-19 situation, refinery has cut crude processing by 24% as demand has slumped for fuel consumption i.e. RIL's 35.2 million tonnes a year refinery processed 2.51 million tonnes of crude oil in March, a drop of 24% year on year, as per the Ministry of Petroleum and Natural Gas. RIL's twin refineries at Jamnagar produced 4.16% more petroleum products in March at 7.3 million tonnes It started to cut down crude processing only in the latter half of March after travel restrictions were imposed by state. However, the company's old refinery at the same site has processed 5.7% more crude oil at 3.01 million tonnes. Besides, RIL's Jamnagar Refinery operated at 83.98 per cent capacity as compared to 110.51 per cent capacity utilization in the same month a year back. This has affected the profit margin of the company which can be seen as below:

Refining Margin Falls

Source: The Economic Times

Moreover, it has reported an exceptional loss of Rs. 4245 Crore related to inventory loss due to the dramatic drop in crude oil prices.

While on the other hand Nayara Energy (Essar Oil Refinery Ltd) produced 3.33% fewer petroleum products at 1.64 million tonnes. Moreover, Nayara Energy too cut its crude processing by 4 % less fuel in March due to current Covid-19 situation. Moreover, Nayara Energy, is planning to invest Rs 1.3 lakh crore in expanding the capacity of its current 20 Million Tonne Per Annum (MTPA) Vadinar refinery by an additional 26 MTPA and add a 10.75 MMTPA petrochemical complex by 2024. Revenue of Nayara Energy has increased from Rs.855,618 million to Rs 987129 million i.e rise by about 15%. However, Net Profit of the company after tax has decreased from Rs 5320 million to Rs 3442 million i.e down by about 35.3%.

Telecom Sector in India

Since the launch of Reliance Jio, the Indian telecommunications market has been at the forefront of fierce competition. Among these competitors, the closest are Airtel and Jio, which provide customers very similar plans.

(b..) Reliance Jio Infocomm Limited V|S Bharti Airtel Limited

Reliance Jio Infocomm Limited is the subsidiary of **Reliance Industries Limited** and is headquartered in Mumbai, Maharashtra, India. It was registered on 15th February 2007 in Ambawadi, Ahmedabad. The 4G services of the company commercially started on 5th September 2016. It uses only LTE in order to provide voice services on its 4G Network. Jio owns spectrum in 850 MHz and 1,800 MHz bands in India's 22 circles, and also owns pan-India licensed 2,300 MHz spectrum which is valid until 2035. Jio has also launched its Wi-fi in the name of JioFi. MyJio, JioChat, JioMoney, Jio4GVoice, JioNet, JioSecurity, JioCloud, JioTV, JioCinema, JioSaavn, JioMags, JioXpressNews, JioNewspaper are some of the applications which Jio provides to its users.

Airtel is a **Global** brand of telecommunication services operated by **Bharti Airtel** and is one of the largest cellular service providers in the world in terms of number of subscribers. It is established in 1995 by Sunil Bharti Mittal (Chairman). The current MD and CEO of Airtel is Gopal Vittal. It operates in 18 countries across South Asia and Africa. The services of Airtel are Mobile services, Fixed-line, Broadband and Telephone services, Enterprise services, Long distance services. It provides GSM, 3G, 4G LTE, 4G+ mobile services, fixed-line broadband and voice services depending on the country of operation.

Jio VS Airtel Plans 2020

NEW PLAN COMPARISON		PLAN MRP	
Period	**Data**	**JIO**	**AIRTEL**
1 Month (28 days)	1.5 GB / Day	199	248
	2 GB / Day	249	298
	3 GB / Day	349	398
2 Month (56 Days)	1.5 GB / Day	399	-
	2 GB / Day	444	-
3 Month (84 Days)	1.5 GB / Day	555	598
	2 GB / Day	599	698
Affordable plans	2 GB	129	148
	6 GB	329	-
	24 GB	1299	1498
12 Months (365 Days)	1.5 GB / Day	2199	2398

Source: Google (2020)

As far as the **services** are concerned, both of the companies gave quite different experiences to their customers.

Reliance Jio	Airtel
Works only on 4G handset	Works on all handsets
Provides limited 4G coverage	Provides all network coverages – 2G, 3G and 4G
When there is no 4G coverage, it leads to poor network experience	When there is no 4G coverage, its subscribers can use 2G/3G
In absence of data coverage, no calling is possible	In absence of data coverage, voice coverage doesn't get hampered

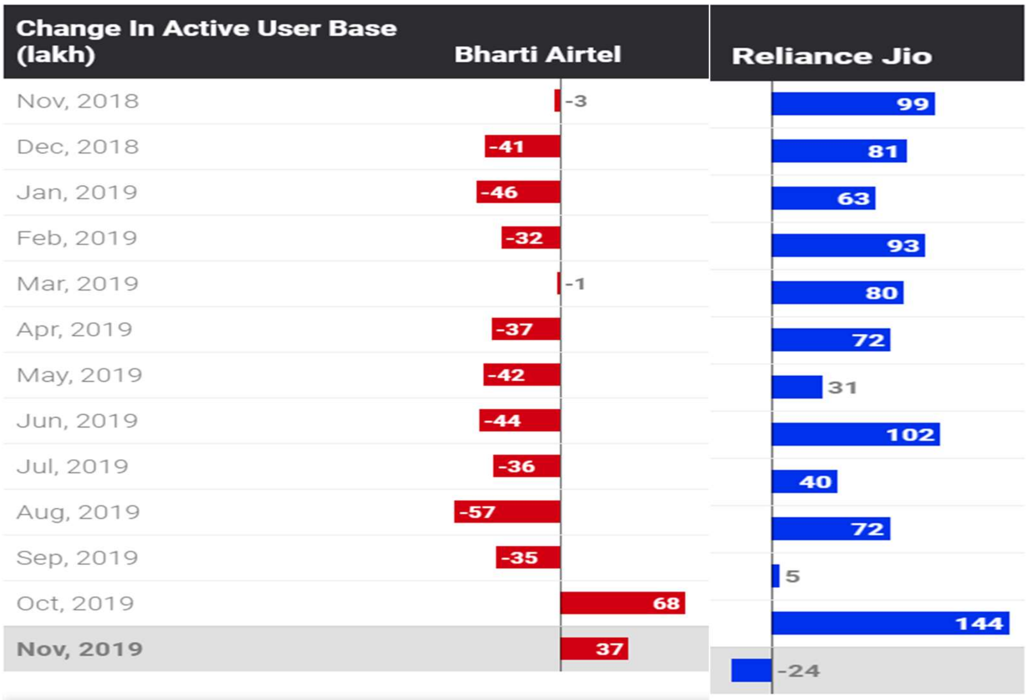
Table: Comparing the Revenue and Net Profit/ Loss of RJIL and Bharti Airtel

(In Crore)	Reliance Jio (FY 2019-20)	Bharti Airtel (FY 2019-20)
Revenue	18,632	54,317.10
Net Profit/Loss	5,562	-36,088.20

Source: BSE Limited, BusinessToday

Shortly after the pandemic of the new coronavirus, the telecom operator announced that they would extend the prepayment validity period of its low-income users. Companies such as Airtel and Vodafone Idea credited 10 rupees of call time as credit for prepaid users, while Reliance Jio allocated 100 minutes of free talk time and 100 text messages to their entire user base.

Change in Active User Base (Airtel V/S Reliance Jio)



Source: BloombergQuint (January 16, 2020)

Because of Reliance Jio's decision to charge customers for voice calls, the number of active users declined for the first time by 24 lakhs. While, during that phase, Airtel added active users by nearly 37 lakhs. Bharti Airtel surpassed Reliance Jio in increasing broadband users for the first time in 10 months. Reliance Jio, which only operates 4G networks, has added 5.6 million broadband users compared to Bharti Airtel's 7.1 million.

Reliance Jio has added 24 Million new subscribers during the January-March 2020 Quarter. Thus, after this, the subscriber base of Reliance Jio in India has reached 388M. **(Annexure: 2)**

As per Bharti Airtel Annual report 2018-2019, there are **282.6 Million** subscribers of Airtel in India as on January 31st, 2020.

Quantitative Analysis of Profit & Loss and Balance Sheet

(a.) Income Statement Overview: -

Sales Growth-

Revenue Growth of the Company on year on year basis

Year	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Sales	NA	10.30%	34.46%	30.45%	34.95%	10.70%	9.49%	-13.64%	-27.19%	11.51%	28.58%	44.89%

Source: RIL Annual Report

Business of the reliance was decline by year 2015 & 2016. However, in both the year their profits have increased because of the crude oil prices. Massive decline in revenue was compensated with the lowering input cost of crude.

However, their **compounded sales growth increased** massively in last 3 years by 28% (Approx.) CAGR.

Sales CAGR				
10 years	8 Years	5 Years	3 years	2 years
14.12%	9.95%	5.49%	27.60%	36.49%

Source: RIL Annual Report

Reliance is also considered to be one of the largest companies in India in terms of revenue.

Interest Cost-

Borrowing Cost have increased massively over past years as the company have raised borrowings. This borrowing cost (Prior to tax saving) is almost more than 15-20% of their

Gross Margins. However, if we consider the size of the organization its current debt equity is still manageable.

According to an article of The Economic Times on Feb 24,2020, Mukesh Ambani is now focusing on making the industry debt free by 2020. Now, you can imagine the pace of increase in its margin if this happens.

NEWS FLASH Covid cases in India soar to 20,471, death toll at 652

Mukesh Ambani's plans to make Reliance debt-free hit multiple snags

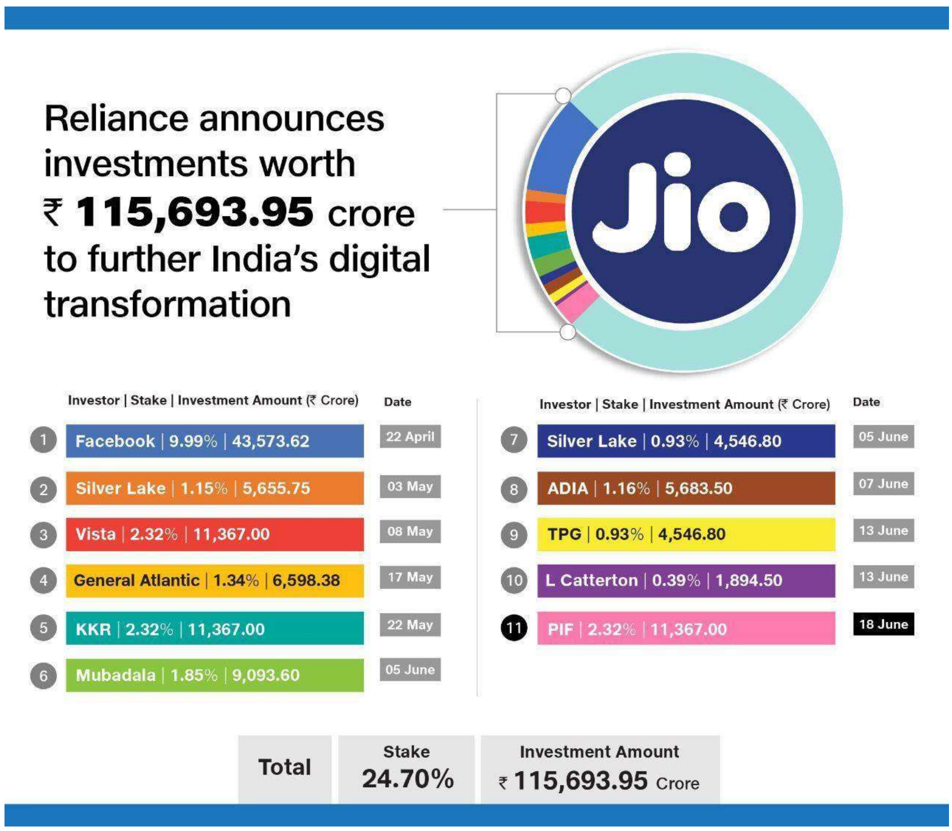
The country's richest family becoming the subject of a tax probe is unprecedented and has surprised many.

Bloomberg | Last Updated: Feb 24, 2020, 11:30 PM IST

Save

Source: The Economic Times

Reliance Industries Limited declares itself debt-free.



Source: Google (2020)

It's interest cost in comparison to its sales is here in below. You can see the rate of increase in its interest cost to sales.

Table: Interest cost in comparison to its sales

Particulars	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19
Interests	0.91	0.81	0.87	0.88	0.89	1.35	1.27	2.06	2.91

Source: RIL Annual Report

Profit After Tax (Excluding the effect of other income)-

For properly analysing the profits of the company from finance point of view it is better to exclude the effect of other income. Hence for the same purpose I have excluded it. The growth which you are seeing here is excluding all the non-operating revenues.

Table: Growth of PAT on year on year basis

Particulars	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19
PAT	16.18	-15.20	-2.05	5.00	10.94	19.24	13.33	24.96	16.12

Source: RIL Annual Report

Compounded profit growth increased after 2016.

PAT CAGR				
10 years	8 Years	5 Years	3 years	2 years
9.75%	8.34%	16.82%	18.03%	20.46%

Source: RIL Annual Report

Reliance is considered to be one of the profitable companies of India.

Massive growth in last 3 years-

Sales and PAT growth for 2017 was 11% and 13%. This has increased by 20% and 19% CAGR basis Respectively in 2017 and 2018. Which have grown more on CAGR basis in 3 years.

That means company's Revenue is increasing massively over past 3 years. Top line growth was amazing and bottom line will increase more if company reduce its debt leverage over next upcoming years (which is already in news).

	1 year	2 year CAGR	3 year CAGR
	March-17	March-18	March-19
Sales	11.51%	19.74%	27.60%
PAT	13.33%	19.00%	18.03%

Source: RIL Annual Report

(b.) Financial Position Overview: -

Share Capital & Reserves and Surplus-

Particulars	March-08	March-09	March-10	March-11	March-12	March-13	March-14	March-15	March-16	March-17	March-18	March-19
SHARE CAPITAL												
Figures	1,453.00	1,444.00	2,978.00	2,981.00	2,979.00	2,936.00	2,940.00	2,943.00	2,948.00	2,959.00	5,922.00	5,926.00
Issue/BuyBack	NA	-0.62%	106.23%	0.10%	-0.07%	-1.44%	0.14%	0.10%	0.17%	0.37%	100.14%	0.07%
RESERVES AND SURPLUS												
Figures	82,375.00	119,813.00	138,025.00	151,112.00	166,466.00	179,094.00	195,730.00	215,539.00	228,600.00	260,746.00	287,569.00	381,184.00
Growth %	NA	45.45%	15.20%	9.48%	10.16%	7.59%	9.29%	10.12%	6.06%	14.06%	10.29%	32.55%

Source: RIL Annual Report

Share capital increased by 100% in 2010 March end and 2018 March end was due to the issue of bonus shares. Hence the company has not diluted its ownership. No new ownership have been introduced by the company through FPO.

Proportion of debt in capital employed-

Particulars	March-08	March-09	March-10	March-11	March-12	March-13	March-14	March-15	March-16	March-17	March-18	March-19
Debt/Equity	0.60	0.63	0.46	0.55	0.55	0.59	0.70	0.77	0.84	0.82	0.82	0.79

Source: RIL Annual Report

Increasing debt and its borrowing cost of the company is major worry for the company. We hope that the company will soon come out of this in its good time and prosper over its life.

Investments (Long Term)-

Particulars	March-08	March-09	March-10	March-11	March-12	March-13	March-14	March-15	March-16	March-17	March-18	March-19
FIXED ASSETS (% of capital employed)	47.62	54.20	77.91	66.36	53.00	46.15	41.91	40.46	43.38	41.26	75.73	57.33
CWIP (% of capital employed)	37.08	37.39	8.28	11.83	9.68	17.27	27.11	43.04	53.65	67.51	35.07	25.83
INVESTMENT (% of capital employed)	7.08	3.26	6.38	9.06	14.74	14.81	17.96	19.77	19.71	17.23	15.54	33.89
TOTAL INVESTMENT (% of capital employed)	91.78	94.84	92.57	87.25	77.43	78.23	86.98	103.27	116.74	125.99	126.33	117.05

Source: RIL Annual Report

This is how the company has invested its capital employed. Company is investing its retained earnings in its growth. Now, the question may arise, how a company can make investments more than its capital raised from its long-term debt and retained earnings. To some extent it is also capitalized by its working capital. (As per the sorted information available on money control and screener)

Holdings of the promoters-

Current promoter holding is 50.03% which is very good. However, promoter holding is now increased in recent quarter as per the news available in economic times. Also, as per ET NOW, share of reliance increased by 11% today because of this.


Benchmarks >
Nifty • CLOSED
9,187.30 ↑ 205.85
Stock Screener >
Search, Select & Invest in Top Stocks
Top Growth Stocks
Stocks with Regular Payout
Mid-Cap Growth Stocks
FEATURED FUNDS
Axis Long Term Eq Plan-Growth

Reliance Industries surges 11% as Mukesh Ambani, family raise stakes

Mukesh Ambani, who personally held 72.31 lakh shares or 0.11 per cent of RIL, raised his holding to 75 lakh shares or 0.12 per cent.

ETMarkets.com | Last Updated: Mar 20, 2020, 04.02 PM IST

Save

0 Comments

A+

Source: ET Now

Future Prospectus for Reliance Industries Limited

- Facebook Dealing
- Telecom sector giant (Single Competitor Airtel)
- Data base of Indians (Aadhaar and Jio)
- My personal view: Currently Reliance Industries is involved in several business. When it will get demerged in future, all the shareholders holding share at that time will get ownership into various business some of may get down and some of may take new rally and growth from there. Example. ADANI GROUP
- Family business (Chances are more that it will be in existence and may grow for next 20 years in India)
- Current Market Capitalization of Reliance Industries: 8,64,267.70 Crores

Economic Cycle

Economic cycle is when there is a fluctuation in the economy between the periods of boom and recession. Boom can be referred to as the rapid growth in the economy whereas recession means a period of stagnant growth in the economy. It is the upward and downward change in the level of Gross Domestic Product (GDP) and can mainly be identified through four stages: Expansion, Peak, Contraction and Trough. Expansion deals with an increase in employment, inflation, economic growth, production whereas Peak is an extraordinary growth in these, which leads to an imbalance in the economy. To rectify that, comes the stage of Contraction where the growth is at a decreasing level and thus, unemployment increases. Trough is when the economy is at the lowest point and then begins to recover.

India's financial stability is not in sync with economic cycle as a country with constant growth can still face financial crisis. It has been observed that the duration of India's economic cycle is much longer than the duration of normal economic cycle and it has a financial cycle that has a span of 12 years. There has been phases of ups and downs according to the cycle in the Indian economy at an average 13 quarters to expand and 9 quarters to contract. The economy reached its all-time peak of 11.4% growth in 1st quarter of 2010 and a record low of -5.9% in 1979.

Impact of the Economic Cycle on Business Operations

Economic cycle affects the operations of all businesses whether they are private or public and the impact can be measured on the basis of how a business responds to these stages. Some of the aspects through which one can understand the impact of the Economic Cycle on Business Operations are Duration, Business confidence, Interest rates, Inflation, Output gap, Stock prices, Economic Policy and Bond yield **(Annexure: 3).**

India's current stage of Economic cycle

The Indian economy entered **The Contraction Phase** of the business cycle in the third quarter of 2018-19.

In response to the COVID-19 pandemic, state governments closed non-essential businesses in March. By April, millions were unemployed, shooting the unemployment rate to high. Prior to that, the economy had been in the Expansion Phase for 6 years. The last trough was in 1st Quarter of 2013-14. Expansion phases usually last five years or so. Even before the pandemic, many economists predicted that a recession is just around the corner.

Standard & Poor's (S&P) slashed its FY21 growth estimate for India to 1.8% from 3.5% projected last month on concern that the covid-19 peak in India will come bit later than most other countries. They assume that the first-wave of community transmission peaked in March in China and will peak in April for most other economies in the region. In India, a peak in reported cases is assumed to come somewhat later, perhaps early in the third quarter.

The severe disruption to economic activity caused by Covid-19, both through demand and supply shocks, has set back emerging recovery in the Indian economy, leading to massive job losses. The International Monetary Fund (IMF) has projected the Indian economy to grow at 1.9% in 2020-21 while Barclays has estimated 0% growth for India in 2020.

Indicators which helped to determine the current position of India in the economic cycle are: -

The Stock Indices (BSE and NSE): They are a collection of largest publicly traded stocks in the India so these indices give an actual idea of where the economy is heading to and as the stock market crashed in march to about 40% in total shows the impact of current situation.

Unemployment claims: In general, rising unemployment rates are often seen as an indicator of trouble for the economy, and falling unemployment rates can be viewed as the opposite. As with all potential indicators, though, look beyond the surface. For example, many big companies started lying off their employees due to operational activities stoppage.

Consumer confidence: The Consumer Confidence Index measures how willing people are to make purchases in any upcoming 12-month period. A rating higher than 100 means people plan to spend money, while a rating lower than 100 indicates that people are more likely to add to their savings and hold off on major purchases. The less willing people are to spend their money, the worse that can be for the economy which is evident in current scenario with the worst hit sector being the automobile sector.

Housing: An increase in new construction or rising values for existing homes can be positive indicators for the economy and the business cycle. On the other side, if there is a slowdown in the construction business or existing home prices elevates, that can be a sign of trouble.

Comparison between China & India's Growth

"India does software; China does hardware. Those are their paths to expansion."

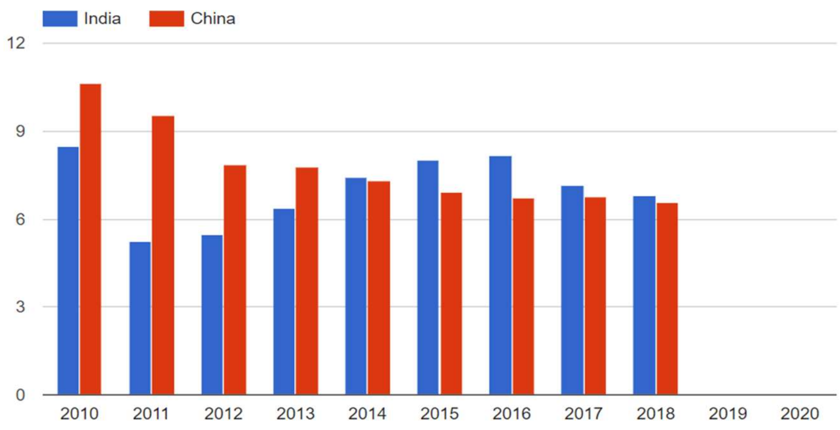
- The Dragon and the Elephant: Understanding the Development of Innovation Capacity in India and China, India and China in the Global Economy (Ch.1)

China and India are the two emerging economies in the world as they have been revolutionizing the global economy since decades and form 40% of the world's population. The pattern of the growth of both India and China are absolutely contrasting as India's population is younger than that of China's.

The history of Indian economy clearly starts with various restrictions, licensing and production gap since the beginning. The GDP growth has surged since the introduction of Liberalization, Privatization and Globalization (LPG). The only way India could continue this growth was through expansion of businesses and large-scale changes in all sectors of the economy. India focuses on the sectors where there is a need of product customization and differentiation rather than focusing on the scales. Though the exports-to-GDP ratio has been relatively low, there has been an immense boost in the foreign investments.

Since 1978, China's growth is considered to be giant and intense because of its competitive environment. The country faces a cut down in the tariff because of which there is a rivalry between the domestic firms and firms operating in other countries. China's revenue mainly relies on the trade, because of which, there is an imbalance in its growth strategy. Therefore, it is now trying to focus on the domestic demand rather than exports.

Economic Growth: The rate of change of real GDP (In %)

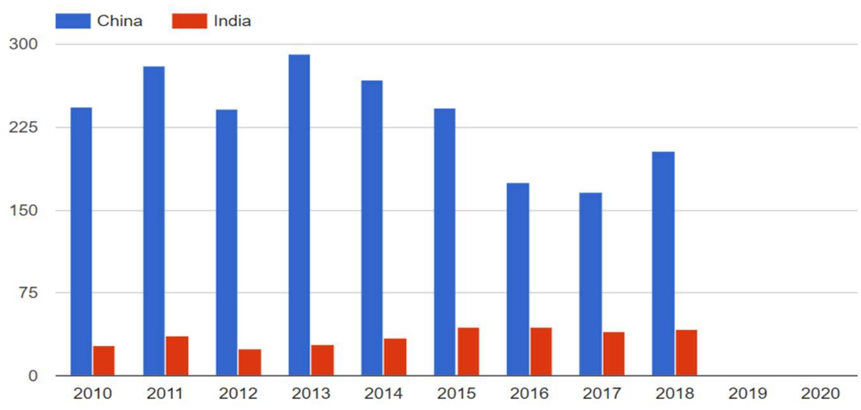


Source: TheGlobalEconomy.com, The World Bank

Comparing the two Asian countries, India and China, we can say that they are on two completely different paths of growth and development. Both of the countries are using their resources extensively and marching towards a politically, socially, economically and demographically strong economy.

China's growth story is different from India because of the competitive environment it faces since the very beginning. China's exchange business is much larger than that of India whereas Indian economy lags behind drastically when it comes to **Trade and Foreign Direct Investment.**

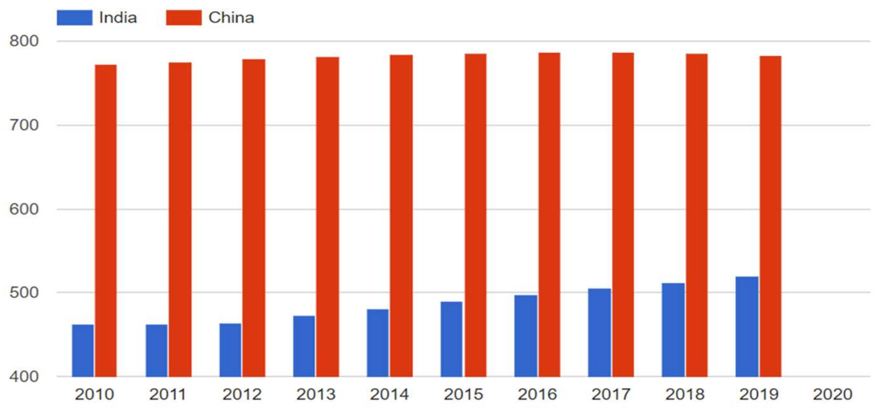
Foreign Direct Investment (In Billion US $)



Source: TheGlobalEconomy.com, The World Bank

The rigidness in the Indian **labor market** limits the country to react to the dynamic nature of workforce conditions. Whereas, in China, the workers produce 1.6 times more output than that of the Indian workers. This is the reason the productivity of China as a country is much higher than many other countries. The unhealthy labor force explains a big part of discrepancy between the growth of both the countries. This can be inferred from the data which is as follows:

Labor force (in Million people)



Source: TheGlobalEconomy.com, The World Bank

Talking about the **Political aspect**, both India and China follow a completely different system. China is one-party dictatorship and ruled by communism. By 2006, China had a major share of its revenue from the private sector rather than the public sector and because of the businesses, the economy exerts huge power. They follow a mixed system of using market forces when needed and not using market forces when not needed. Thus, China has been able to succeed at the cost of immense politics. India, on the other hand follows democracy since independence and embraces a more classic free-market structure.

The **Key Challenges** faced by China which they had highlighted in their 13th year plan (2016-2020) includes high inequality, environmental sustainability, aging population, urbanization, better approach towards healthcare and education facilities, and mainly encouraging domestic consumption. Whereas India's future plans focus on lowering the poverty rate, corruption, discrimination against female and kids, higher quality of education and healthcare, better infrastructure facilities and mainly, to strengthen the financial access. So, it can be said that

China’s growth is very much dependent on the investment in foreign trade, health and education. On the other hand, India’s growth depends on the literacy rate, poverty rate and affluent health outcomes of the country.

China’s Economic cycle

According to the Forbes, The Chinese economy is **slowing down** naturally. The adoption of new technology in the service sector has given hopes of growth but is followed by a slowdown in the economy. They are ready for the worst-case scenario currently as the economy is under pressure of the US-China Trade war and the Coronavirus outbreak. They are facing the problem of “Lack of workers and buyers”. China’s economic growth was 6.1% in the year 2019 which was a near 30 years low. There is a possibility that China’s economy may have fallen off in the first quarter of the year 2020. The Reuters poll had predicted a further slowing down in the economic growth to 5.9% in 2020. To reach the target of 2020, China will have to have economic growth at a rate of 5-6%. The country will now have to focus more on the domestic consumption rather than trading as result of the current situation prevailing in the world. Thus, loss of investment in international businesses is going to affect the economy for a very long time. The trade war between US and China had already deteriorated China’s economy as many countries rejected China’s proposals of investment.

Despite the effective supervision of Covid-19, the expectation of betterment is decreasing. Due to concerns about the coronavirus pandemic, customers have remained cautious and so far, there have been few arrangements for upgrading. Similarly, due to the rapid popularity of Covid-19, a sharp decline in external interest is the main drawback of this possibility.

1991 Indian Financial Crisis

Pre-crisis scenario

This crisis was mainly caused due to huge balance of payment and current account deficit of the Government. Due to the gulf war, India’s oil import bill swelled, exports decreased, credit dried up, and investors took their money out. Large fiscal deficits, over time, had a spill over effect on the trade deficit culminating in an external payment’s crisis. The fiscal deficit rose to

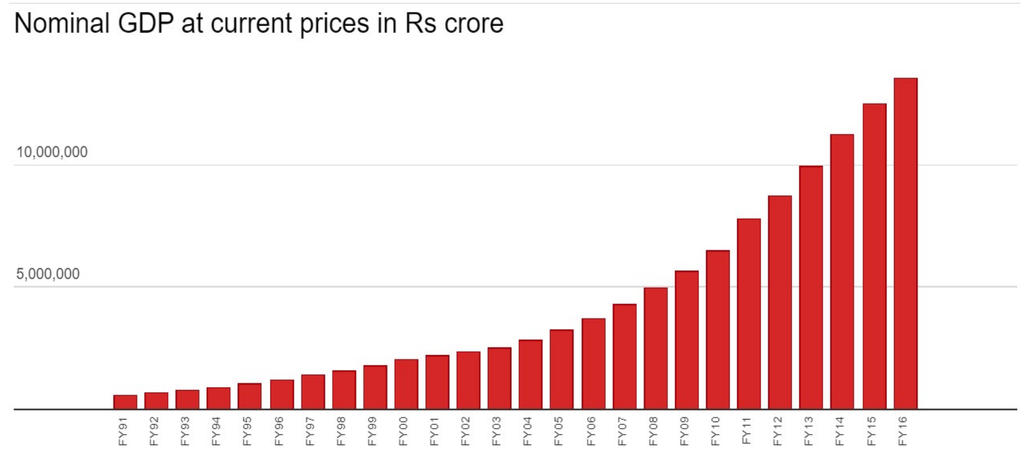
12.7% of GDP in 1990-91. In February 1991 Moody rating agency downgraded India's bond ratings. The ratings further deteriorated as the financial budget was not passed which made it out of reach for the country to get short term loans and handle the current economic crisis. The World Bank and IMF did not give further loans, leaving the government with no option except to mortgage the country's gold to avoid defaulting on payments.

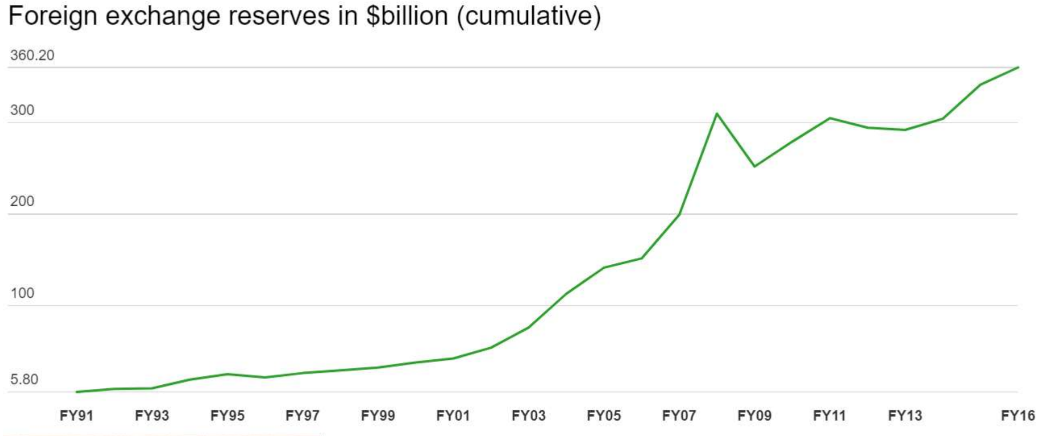
Measures taken to come out of the crisis-

1. **Fiscal Correction** A large budget deficit had contributed to both double-digit inflation and high current account deficit by creating extra demand. Exports subsidies were abolished and others cut to support it.
2. **Trade Policy Reforms** The rupee was devalued by about 20% to make exports competitive. Regulation and licensing controls on exports were eased.
3. **Industrial Policy Reforms** These reforms to boost the industry by changing Licensing and Inspector Raj policies. Measures were taken that could spur investments, ease domestic supply constraints and make industry competitive. Industrial licensing was abolished in all but 18 sensitive industries.
4. **Public Sector Reforms** The public sector was given more operational freedom to scale up and make bigger contributions to the economy. The thrust of the reforms was to free up the economy of controls. FDI liberalisation and ease of doing same idea.

Post-crisis scenario

It has almost been 30 years for the liberalization reforms from PV Narasimha Rao Government. The LPG reforms where so successful that it helped India bail out itself from the huge balance of payment and grow exponentially. We can look at some graphs which clearly show Indian success story from 1991 crisis.





Source: The Economic Times

2008 Global Financial Crisis

Cause of the 2008 Global Financial Crisis

The following chain of series lead to the crisis: -

Deregulation

Hedge Fund Trading with Derivatives

Increase in demand of more mortgages

Creation of Interest only loans affordable to sublime borrowers

Gist: Deregulation in the financial industry allowed banks to engage in hedge fund trading with derivatives that were backed by cheap mortgages, hence even available to the person with questionable worthiness. This scenario-cheap mortgage and rising value of property created house market bubble wherein a lot of people took home loans. However, due to increase in interest rates by Fed in 2004, home borrowers weren't able to pay increased mortgage payments which ultimately busted the bubble in 2007. To conclude, 2008 Crisis involved too much debt in the housing market, loose credit and speculation.

Effect on the economy for coming years:

Immediate Impact on the Global Economy:

- **Stock Market**-Stock Market plummeted, lost about $ 8 trillion between late 2007 and 2009
- **Unemployment**- Unemployment rose to its peak i.e. 10% in October, 2009
- **Loss in income and wealth**-People lost $9.8 trillion in wealth and income as their house value went down
- **Global Economic Growth**- The 2008 crisis led to loss of more than $ 2 trillion in global economic growth or a drop of nearly 4 percent between 2008 and 2009.

Policy Response:

The major policy response to the 2008 crisis was majorly in the form of loosening of the monetary policy and administering fiscal stimulus packages. Other measure was also there like relaxation of external commercial borrowing rules, raising the cap of FII investment in debt and permission given to India Infrastructure Financing Company Limited (IIFCL) in floating tax-free bonds for infrastructure funding, etc.

Monetary Measures:

The RBI acted sharply from mid-October to ease the situation by a series of rate cutting and liquidity injecting measures till April 2009. CRR was brought down to 5 % from 9 %, SLR from 25 to 24 %, Repo rate from 9 to 4.75 % and reverse repo rate from 6 to 3.25 percent.

The RBI opened a special window for banks to lend to mutual funds, non-banking financial companies (NBFCs) and housing finance companies. The central bank also opened refinance facilities for banks, the Small Industrial Development Bank of India (SIDBI), the National

Housing Bank (NHB), and the EXIM Bank. The RBI also introduced a liquidity facility for NBFCs through a special purpose vehicle (SPV), and increased export credit refinance

RBI also made dollar swap arrangements for Indian Overseas branches in the US and Europe facing shortage of dollar funds with the seizing up of the inter-bank markets there.

Fiscal Stimulus Packages:

The central government announced three successive fiscal stimulus packages one in early December 2008, the second one in early 2009 and the last one in early March 2009. These included: across-the-board central excise duty reduction by 4 percentage points; additional plan spending of Rs. 200 billion; additional borrowing by state governments of Rs. 300 billion for plan expenditure; assistance to certain export industries in the form of interest subsidy on export finance, refund of excise duties/central sales tax, and other export incentives; and a 2 percentage-point reduction in central excise and service tax. The total fiscal burden for these packages amounted to 1.8 per cent of GDP.

Signs of Recovery:

The year 2009-10 has shown some signs of recovery due to measures taken by government. These signs are as follows:

Industrial output which virtually stagnated in the second half of 2008-09 has shown positive growth of 3.7 per cent in the first quarter of 2009-10.

The group of six core industries consisting of power, coal, steel, cement, crude oil and refinery products has improved with its composite index growing at 4.8 per cent in the first quarter of 2009-10.

The purchasing managers' index (PMI) has been above 50 (showing expansionary conditions) in the last few months.

There has been a strong recovery of the stock market and a substantial rise in capital 12 market mobilization from March 2009 onward

The Reserve Bank of India's "business expectations index" for July-September 2009 has crossed the neutral 100-mark.

Also, corporate profits have recovered strongly in the last quarter of 2008-09 and the first quarter of 2009-10 with their growth at 15 per cent and 17.5 per cent respectively in contrast to sharp declines in the previous two quarters.

How current 2020 Crisis is different from the past crisis and current measure taken by the Government (Domestic and Global)

The crises which occurred previously were because of the collapse of financial system due to its inability to handle economic situations but the 2020 situation is different. The pandemic occurred which forced the country to lockdowns to flatten the curve of the infection. These lockdowns meant confining millions of citizens to their homes, shutting down businesses and ceasing almost all economic activity. Due to lockdown of almost 70 days the Indian economy will have to forego $4.5 billion in income every day. So, these scenarios are different in that sense but every time the banking system had to suffer one way or the other.

Indian government has announced a 20-lakh crore of package which included to help boast economy the government came up with several long-term reform measures such as labour reforms, opening up of all sectors for private players, APMC Act reforms, commercial coal mining and more. On the fiscal front believes the Centre has taken the easier path. The total 20 lakh crore package comprises credit guarantee worth over Rs 4.6 lakh crore and RBI liquidity worth over Rs 8.1 lakh crore. The government programmes of over Rs 13 lakh crore include loans worth over Rs 9.9 lakh crore, fiscal deficit worth over Rs 1.8 lakh crore and rest in form of subsidies like food grains.

Suggestions for the Government Plans:

Broader reforms by India lacks the spark as not much was discussed on Land, Labour reforms, Tax rationalisation or on any coherent plan to invite foreign manufacturing. Govt's defence sector opening for FDI plan is not new and has been poorly executed in the past and so is the case with commercial mining for coal. APMC plans are good but also need support from states. But on the contrary India actually does not have fiscal buffers hence a large fiscal stimulus would have been a bold bet as that could have impacted ratings and currency, if not executed properly.

FPI/FII Investment Trend in India

Foreign Portfolio Investors/Foreign Institutional Investors are the biggest driver of the Indian budget market. They are the best tools for the investors as they can invest in stocks and bonds of organizations located in other nations. Until March 25, 2020, India invested approximately 12.46 trillion rupees. The interest of FII / FPI in India is guided by SEBI i.e. Securities and Exchange Board of India, and the Reserve Bank of India (RBI) maintains the farthest range of such speculation. FPI's are allowed to invest only in the listed shares and entities.

Financial experts believe that India is a potential opportunity, and its economy has huge development capabilities. And for a developing country like India, it is necessary to stay connected with the foreign exchange reserves to match trade deficit. With the strong support of the government, FII's business has been very stable and will continue to improve in the future. There will be a big high demand for Indian currency whenever there is a high flow of FII into India. Thus, in this case, in order to control the situation, RBI will have to print more currencies which will further lead to Inflation. India, being a country with developing economy, provides higher growth potential to the investors than the developed countries. These investors mainly include insurance companies, mutual funds, hedge funds, pension funds.

In 2018-2019, 28.9% share of Indian equity shares is held by the FPI's. Because of the high growth potential, the net investment remained positive from 2010-2015. Nonetheless, there was a drag in the inflows. FPI's became net sellers in April – December 2018 because of the factors such as US Fed rate, US – China trade war, no-deal Brexit. This was the third time Indian FPI's became net sellers after 1998-99 (Asian crisis) and 2008-09 (Global Financial crisis). **(Annexure: 4)**

In the year 2019-2020, the overall market value of all organizations recorded on the Bombay Stock Exchange (BSE) reached a record 151.08 trillion rupees (2.16 trillion US dollars), reaching 154.12 trillion rupees (2.20 US dollars) billion.

The pros of FPI/FII are that they help in promoting competition and help in sustaining the financial market. They lead to an increase in the production capacity, employment and various economic factors of the country. It portraits the true picture of the firm's resources and capabilities and also a better understanding of the another country's stock market. For India, FPI's give an upshot to the stock market prices of the domestic companies.

The cons of FPI/FII are that making an investment in another country involves risk and critical aspects such as political instability and currency exchange. They do have a conflicting impact on exports as they become upscale which leads to lower demand of goods and services.

Part C: Conclusion

Learnings

Working as an equity research analyst in this company was bold enough on my learning curve. It helped me understand the financial markets thoroughly.

- **Understanding the economy:** Looking at the current scenario of COVID 19 into consideration, I had to analyze the world economy and the Indian economy. The economic phase in which the country is currently in and projecting the future outlook of the country. This analysis helped me to understand the equity market and different sectors which will be affected by the changes in the economy as a whole. Comparing India with other countries such as china on different parameters such as GDP growth, FDI investments, per capita income. I also studied the past financial crises and how did the government and the equity markets react to the same.

- **Fundamental Analysis:** Fundamental analysis tries to determine whether a stock is correctly valued within the broader market. This is a long-term process and generally fundamental analysis is done for investment purpose of around 5-10 years in that equity stock. Fundamental analysis is usually done from a macro to micro perspective in order to identify securities that are not correctly priced by the market. The top down approach was used to determine, the overall state of the economy and then the strength of the specific industry before concentrating on individual company performance to arrive at a fair market value for the stock. The contents of an equity research report typically include –
    - Industry research (competitors, trends, etc.)
    - Management overview and commentary
    - Historical financial results
    - Forecasting
    - Valuation
    - Recommendations

- **Technical Analysis:** Technical analysis of equity stocks mainly focused on mid cap and small cap stocks by examining and predicting price movements in these stocks with the help of historical price charts and market statistics. It is based on the idea that if a trader can identify previous market patterns, they can form a fairly accurate prediction of future price trajectories. By analysing historical data and predict the future of the stock ignoring the financials of the company. Studied different methods to analyse charts of the company and predict its price in short term.

Recommendations

In the last decade, the business community has experienced various failures. This has caused enormous financial experts to escape, and many people who have not yet escaped, are planning to do now. It has become very rare to deal with financial companies under such brutal conditions. This managerial change has hit commercial companies and the demand for contracts and expanded competition have abolished overall revenue. Customer certainty is at a low level and the unstable market has convinced many brokerage firms that they have to suffer drastically in terms of profits. During this course, consultative institutions and the brokers are working hard to find ways to help corporate customers by enlightening them with progress, industry best practices, and fluctuating evaluation models.

- **Technological updates:** The discount stocks brokerages have made full use of the network innovation to provide fully online types of assistance and at a reduced cost. There is no doubt that technology has improved the chaos of the stock trading function. It reduces the problems and costs that would otherwise be invested in financial transactions. It is clear that this use of technology is going to be the future of stock trading and is going to boost in the upcoming years. In order for brokerage firm to maintain serious and consistent goals while keeping administrative regulations harmless, they must move away from manual and asset-consuming activities and management, and turn to innovation and technology. With continuous progress, they should know what innovative they can do and how they can use it to carry forward their expertise as it would lead to continuous development of the firm.

- **Marketing:** The main problem they would face in the upcoming years would be to develop a strong network internally and externally so that they can reduce their cost of marketing and can work within regulations. Competitors should be aware of the position of your firm in the industry. Here, the marketing strategy is not only about the financial resources you use or about the sales pitch, but it is about the performance and accomplishments of your company. Thus, this kind of firm surely needs a good marketing strategy with the efficient use of technology to increase its lifetime value.

- **Strengthening risk prevention:** After knowing and understanding the actual facts, it is mandatory for the company to use the information as a guide for the future consequences, to help the guarantor know the actual risk involved in the transaction. Providing adequate training and keeping an eye on the business can help the company to improve the risk-loss prevention.

- **Knowledge and Financial Expertise:** For the upcoming years, the knowledge and financial expertise you have is just not enough to develop your firm. The brokers must have considerable knowledge to understand and analyse the financial markets. That is the only way this firm is going to differentiate itself from others. Along with following the binding regulations, a brokerage firm should also be able to understand its client's requirements and portrait themselves as credible and qualified leaders in the industry. According to the trend and convenience of the clients, it is now important to provide training to the traders about the online trading platform with the help of seminars, articles, experts or even with the help of online videos. The stockbroker should have an unprecedented understanding of the protection of advertising activities and the quality of contact with safety net providers to ensure that they are getting through with the clients at a legitimate cost. The underwriter needs some kind of guarantee to trust the company.

Bilbliography

- Monarch Networth Capital Limited Annual Report 2018-2019
- Reliance Industries Limited Annual Report 2018-2019
- Bharti Airtel Limited Annual Report 2018-2019
- ETMarkets.com. (2019, October 18). RIL becomes first company to hit Rs 9 lakh crore in m-caon BSE
- Mudgill, A. (2020, June 13). The Economic Times: 10 deals in 2 months! RIL says TPG, L Catterton will invest Rs 6,441 cr in Jio Platforms
- Thomas, T. (2018, January 23). The Hindu Business Line: With fuel prices deregulated, Reliance Industries and Essar Oil may revive retail network again.
- Indiainfoline.com. (n.d.). Essar oil ltd Check out the Essar oil ltd comparison with competitors at www.indiainfoline.com.
- Singh, T. (2020, April 30). Telecomtalk.info: Reliance Jio Subscriber Base Reaches 388 Million at the End of March 2020
- Learning, L. (n.d.). Introduction to Business [Deprecated]. Retrieved from https://courses.lumenlearning.com/wmopen-introbusiness/chapter/economic-stages/
- Chappelow, J. (2020, April 15). Economic Cycle Definition. Retrieved from https://www.investopedia.com/terms/e/economic-cycle.asp
- BL Research Bureau. (2020, January 31). Economic Survey expects business cycle to begin improving from second half of FY21.
- Macroeconomic Effects of Uncertainty: A Big Data Analysis for India. (2020, March 17).
- "The Dragon and the Elephant: Understanding the Development of Innovation Capacity in China and India: Summary of a Conference" at NAP.edu 2010
- Compare countries. (n.d.). Retrieved from https://www.theglobaleconomy.com/compare-countries/
- Hedrick-Wong, Y. (2020, February 13). The Economy In 2020: Insights from The Forbes Asia Panel of Economic Commentators.
- FocusEconomics. (2020, April 28). China Economy - GDP, Inflation, CPI and Interest Rate.

- Instant View: China's economic growth slows to 6.1% in 2019, near 30-year low. (2020, January 17).
- Brand India. (n.d.). Retrieved from https://www.ibef.org/economy/foreign-institutional-investors.aspx
- Vinay Pandey. (2016, July 21). 4 reforms that pulled India back after it ran out of money in 1991.
- Foreign Investments in India (NSEIndia.com)

Annexure 1: The Journey of Reliance Industries Limited

1957

- ***Modest beginnings, mammoth aspirations***
- Dhirubhai Ambani returns to India in 1957 after a stint with A. Besse & Co., Aden, Yemen. He starts a yarn trading business from a small 500 sq. ft. office in Masjid Bunder, Mumbai, but dreams of establishing India's largest company.

1977

- ***Wealth creation for all Indians***
- In 1977, Reliance Textile Industries' IPO creates history by introducing the equity cult in India. The issue is oversubscribed seven times, strengthening Reliance's growth ambitions.

1977

- ***Integrating backward, Racing forward***
- Reliance sets up a mill in Naroda, Gujarat, sparking off Reliance's backward integration journey. Mukesh Ambani leads the establishment of Reliance's first mega manufacturing project at Patalganga in a record 18 months.

1991

- ***Enhancing the lifestyle of every Indian***
- Reliance's backward integration journey continues. The Hazira plant coming on stream in 1991 laid the foundation for Reliance becoming the world's largest integrated producer of polyester.

2000

- ***India arrives on the global refining map***
- Reliance commissions the world's largest grassroots refinery in a record 36 months: the Jamnagar petrochemicals and integrated refinery complex. With the development of the associated green belt, the desert surrounding Jamnagar becomes home to another man-made wonder – Asia's largest mango orchard!

2002

- ***Triggering a telecom revolution***
- Reliance enters the Infocomm business and brings about a revolution in mobile telephony in India. In 2005, Reliance makes a strategic decision to reorganize its businesses through a demerger. Power generation and distribution, financial services and telecommunication services are demerged into separate entities.

2004

- ***Joining the global giants club***
- Reliance emerges as the first and only private Indian organization to be listed in the Fortune Global 500 list. Reliance is also the first private sector company to be rated by international credit rating agencies.

2009

- ***Investing in the energy security of India***
- Reliance commences production of hydrocarbons in its KGD6 block - against all odds - in just over two years of its discovery, making it the world's fastest green-field deepwater oil development project. With this development, Reliance completes an unprecedented backward integration journey.

2014

- ***Largest retailer serving india***
- Reliance Retail becomes the largest retailer by revenue in 2014, fulfilling the aspirations of millions across the country and bringing international experiences at affordable prices to every corner of India.

2014

- ***Innovation-led growth continues***
- Reliance Jio Infocomm Ltd., ushers in a pan-India digital revolution through state-of-the-art wireless broadband 4G services, promising to bridge the digital divide.

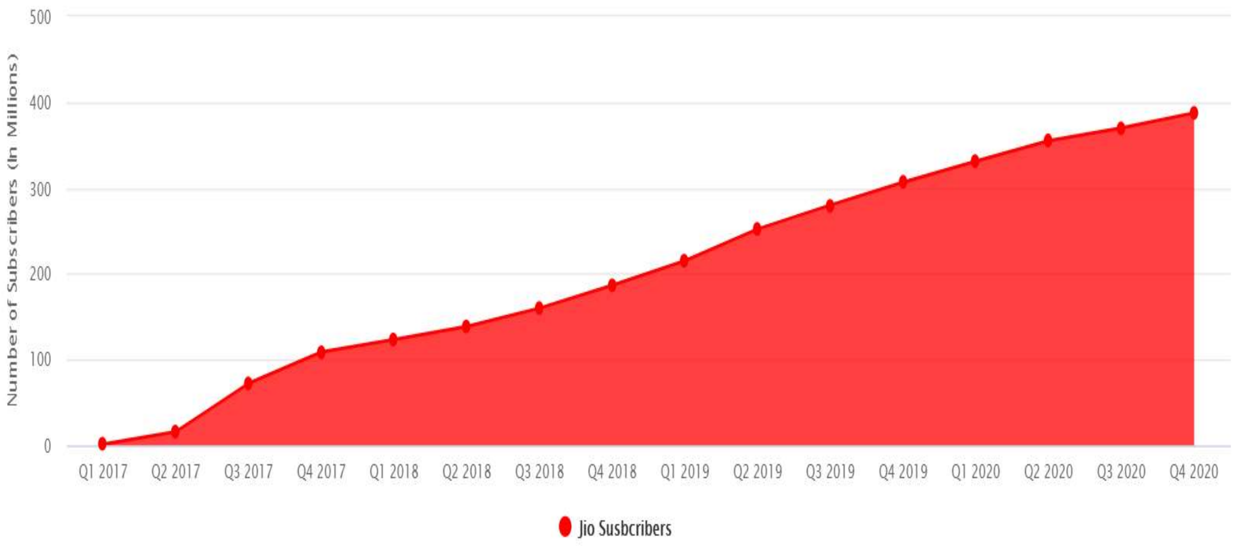
2017

- ***Creating exponential value***
- Reliance becomes the first Indian company to cross ₹6 trillion market capitalization. In December of the same year, Reliance celebrates its 40th year. Chairman and Managing Director Mr Mukesh Ambani said, "In just 4 decades, Reliance has grown from a small startup to one of the largest, most admired companies in the world."

2019

- ***Reaching new heights***
- 18^{th} October 2019 Reliance Industries Ltd (RIL) becomes the first Indian company to cross ₹10 trillion market capitalization mark.
- RIL ranks 106th on the Fortune Global 500 list of the world's biggest corporations as of date.

Annexure 2: Number of Reliance Jio Subscribers in India (By Fiscal Quarter)



Source: DazeInfo, RIL

Annexure 3: Impact of the Economic Cycle on Business Operations

Initial Recovery	Early upswing	Late upswing	Slowdown	Recession
Duration of a few months	Duration of a year to several years	-	Duration of a few months to a year or longer	Duration of six months to a year
Business confidence is rising	Increasing confidence	Confidence and employment are high	Declining confidence	Declining confidence and profits
Low interest rates and/or budget deficits	Rising short-term interest rates	Rising short-term interest rates	Short-term interest rates are at a peak	Falling short-term interest rates
Declining inflation	Low inflation and good economic growth	Inflation increases	Inflation is still rising	Inflation tops out
Large output gap	Output gap is narrowing	Output gap eliminated and economy at risk of overheating	Falling inventory levels	Large decline in inventory
Rising stock prices	Rising stock prices	Rising stock prices with increased risk and volatility	Falling stock prices	Stock prices increasing during the latter stages
Stimulative Economic Policy	Economic Policy becomes less Stimulative	Economic Policy becomes restrictive	Economic Policy becomes less restrictive	Easing Economic Policy
Bond prices peaking	Flat or rising bond yields	Rising bond yields	Bond yields have peaked and may be falling, resulting in rising bond prices	Falling bond yields, rising prices

Annexure 4: Trends of Foreign Portfolio Investment in India

Period	Purchases (Rsbn)	Sales (Rsbn)	Net Investment (Rsbn)	Net Investment (US$bn)
2010-11	9,926	8,462	1,464.4	32.2
2011-12	9,213	8,276	937.3	18.9
2012-13	9,048	7,365	1,683.7	31.0
2013-14	9,029	9,694	450.1	8.9
2014-15	15,213	12,439	2,774.6	45.7
2015-16	13,244	13,426	-181.8	-2.6
2016-17	**15,070**	**14,586**	**484.1**	**7.6**
2017-18	**17,287**	**15,837**	**1,450.7**	**22.5**
Apr-18	1,347	1,503	-155.6	-2.4
May-18	1,275	1,573	-297.8	-4.4
Jun-18	1,451	1,609	-157.9	-2.3
Jul-18	1,286	1,263	22.6	0.3
Aug-18	1,195	1,144	51.5	0.8
Sep-18	1,311	1,521	-210.3	-2.9
Oct-18	1,345	1,734	-389.1	-5.3
Nov-18	1,282	1,166	116.0	1.6
Dec-18	1,295	1,216	78.9	1.1
Apr-Dec 2018	**11,788**	**12,730**	**-941.8**	**-13.4**

Source: SEBI Bulletin