



A STUDY ON FINANCIAL PERFORMANCE OF BATA INDIA LIMITED

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ABSTRACT

Financial performance helps to measure the overall performance of the company. The financial statement of BATA India Limited has been selected and analyzed with ratio analysis from 2015 to 2020. This study is based on secondary data. The data were collected from official website of the company and related articles and books. The tools used for analysis is ratio analysis of the balance sheet. Suitable ratios were framed and calculated to know the financial performance of the company such as liquidity, profitability, solvency and activity ratios. The main result of this study shows that the financial and business performance of BATA is positive but it must consider factors of risk in terms of growth and local competitors demand. Finally recommendations and suggestions have been made to ensure the revenue of the company and reduce the liabilities while improving the stability of the company.

KEYWORDS: BATA India Limited, Financial performance, Ratio analysis.

1. INTRODUCTION

Financial performance ensures the result of a firm's policies and operations in monetary terms. It is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. Financial statements are presented as on a particular date for a particular period. It indicates balance sheet which analyze the financial position as at end of an accounting period. Financial management helps the organization determine what to spend, where to spend, when to spend. It is the ways of managing money.

2. STATEMENT OF THE PROBLEM

Analysis and interpretation of financial statement is a regular exercise to review the

performance of the company. It was proposed to conduct a review to study the short term prospects as well as the long term trends and to arrive at the conclusion on the performance of the company. Performance review resulting in taking correction action optimizes the performance in the subsequent period.

3. OBJECTIVES OF THE STUDY

- To study and analyze the financial performance of BATA India Ltd.
- To know the history of the company.
- To judge the financial strength and weakness of the company.

4. RESEARCH METHODOLOGY

Source of data	Secondary data
Period of study	2015-2020
Tools used	Ratio analysis



5. STATISTICAL TOOLS

- Current Ratio
- Liquid Ratio
- Gross Profit Ratio
- Net Profit Ratio Before Taxation
- Net Profit Ratio After Taxation
- Operation Profit Ratio
- Proprietary Ratio
- Working capital Turnover Ratio
- Inventory Turnover Ratio
- Asset Turnover Ratio

6. REVIEW OF LITERATURE

Nisha R. Ghode (2019) this study is based on ratio analysis of Yamaha motors at Taj Shree motors private limited. It consists from 2013-2014 to 2016-2017. Data are collected from secondary sources. Analysis concludes that the performance of the company is liquidity in all years. The firm maintaining a low cash balance and marketable securities which means they done cash payment.

S. Ramya, N. Pooja priya dharshini, R. Pavithra Chandran (2018) the main purpose of this study was to determine liquidity, solvency and financial position of the Indian Oil Corporation Limited by using the tools like ratio analysis and common size balance sheet. This study indicates that the company has doing satisfactory job. But the company should focus on the area of meeting its current liabilities.

Dr. B. Saranya and Dr. K.M. Chinnadorai (2016) this study is based on financial analysis of electronic goods industries. The author made this study to examine the growth of white goods industry. The study covers the period of 5 years from 2011 to 2015.

The Suggestion that the company should concentrate on the dividend and also should concentrate on their operating profit and their by increasing the sales.

7. FINDINGS

- Current ratio of the company was highest 2.92 in the year (2018-2019) and lowest 2.48 in the year (2015-2016).
- Liquid ratio of the company was highest 1.59 in the year (2018-2019) and lowest 1.00 in the year (2015-2016).
- Gross profit ratio of the company was highest 25.57% in the year (2019-2020) and lowest 11.96% in the year (2016-2017).

- Net profit before taxation of the company was highest 16.33% in the year (2018-2019) and lowest 9.35% in the year (2016-2017).
- Net profit after taxation of the company was highest 11.26% in the year (2018-2019) and lowest 6.36% in the year (2016-2017).
- Operating profit ratio of the company was highest 29.79% in the year (2019-2020) and lowest 12.56% in the year (2016-2017).
- Proprietary ratio of the company was highest 5.79 in the year (2019-2020) and lowest 3.92 in the year (2015-2016).
- Capital turnover ratio of the company was highest 2.04 in the year (2015-2016) and lowest 1.61 in the year (2019-2020).
- Inventory turnover ratio of the company was highest 1.26 in the years of (2017-2018 and 2018-2019) and lowest 1.21 in the year (2019-2020).
- Asset turnover ratio of the company was highest 1.38 in the year (2015-2016) and lowest 0.82 in the year (2019-2020)

8. SUGGESTIONS

The performance of BATA India Limited during the period of the study was found good some minor weakness

- The net profit of the company was fluctuates every year. While compare to 2018- 2019 the net profit ratio was decreased last year 2019-2020. So company should focus on expenditures to improve the net profit.
- Capital turnover ratio decreased every year. It shows the company was not increased its sales with minimum amount of capital. Company should focus on improve the sales to increase the revenue.
- Inventory turnover decreased in the last year. It shows the company sale was decreased. It should focus on excessive inventories to strong the sales.
- Asset turnover ratio decreased every year. It indicates that a company was not efficiently used its asset to improve the profit

9. CONCLUSION

It is clear from the study that the financial performance of the company shows satisfactory level. It reveals that the company faces certain



weakness in managing their financial performance. To maintain good financial performance the company should increase the sales volume. And it should use its assets efficiently to improve the production capacity and to avoid excessive inventories. Hence if a given suggestions are implemented, the company can increase its profitability and improve their overall financial performance.

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