Project Work on

A Study on Profitability of Indian Footwear Industry:

A Case Study of BATA India Limited

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By:

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Certificate

Certified that the Project Work titled **"A Study on Profitability Analysis of Indian Footwear Industry: A Case Study of BATA India Limited"** is a original record of field work done by **Ms. Poojashree D. Naik, M.Com** Fourth Semester Student of our Centre, during the period of her study and that it has not formed the basis for the award of any degree, diploma, associate ship, fellowship or similar other titles. It has not been submitted to any other University or Institution for the award of any degree or diploma.

Place: Bhatkal

Date: 22nd June, 2019

Dr. Ravindra R Kaikini
Project Guide

Prof. M.K.Shaikh
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DECLARATION

I hereby declare that the Project Work titled **"A Study on Profitability Analysis of Indian Footwear Industry: A Case Study of BATA India Limited"** submitted for the Degree of **Master of Commerce** is my original work and that it has not formed the basis for the award of any degree, diploma, associate ship, fellowship or similar other titles. It has not been submitted to any other University or Institution for the award of any degree or diploma.

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Signature of the student

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Chapter 1

Introduction

The word profitability is composed of two words, namely, profit and ability. The term profit has been explained above and the term ability indicates the power of a business entity to earn profits. The ability of a concern also denotes its earning power or operating performance. The profitability may be defined as the ability of a given investment to earn a return from its use. Profitability is a relative concept whereas profit is an absolute connotation. Despite being closely related to and mutually interdependent, profit and profitability are two different concepts. In other words, in spite of their generic nature, each one of them has a distinct role in business.

As an absolute term, profit has no relevance to compare the efficiency of a business organization. A very high profit does not always indicate sound organizational efficiency and low profitability is not always a sign of organizational sickness. Therefore, it can be said that profit is not the prime variable on the basis of which the operational efficiency and financial efficiency of an organization can be compared. To measure the productivity of capital employed and to measure operational efficiency, profitability analysis is considered as one of the best techniques.

Organisational performance is a composite assessment of how well an organization executes on its most important parameters, typically profitability, financial, market, and shareholder performance. Corporate performance analysis is a subset of business analytics/business intelligence that concerned with the "health" of the organization, which has traditionally been measured in terms of financial performance. However, in recent years, the concept of corporate health has become broader.

Profitability is an important concern, around which many other aspects of the corporate financial structure revolve. It is obvious for the simple reason that only if the operations are profitable, the company will survive in the long run. The long-term survival of the company depends on its ability to earn sufficient surplus and to grow.

Suggestions:

Considering the above viewpoints the following suggestions can be offered:

1. The company can think of reducing the cost of goods sold which is a major impediment in its profitability. In this regard the company can think of reducing its components like spares consumed, engineering and fabrication expenses, fuel expenses and so on.

2. The operating expenses of the company are under control and the same level should be maintained by the company for the future as well.

3. Blockage of funds in fixed and current assets should be minimized and alternative avenues like investments in earning returns should be resorted.

The company should try to maintain a favourable annual growth rate and ensure that doesn't go negative.Unprecedented changes in the expectations and ever changing preferences of customers coupled with stiff competition in the footwear products and services have made business a formidable challenge for the industry. At this crucial juncture, BATA India Ltd should protect itself against the wrong approach of 'over-promising and 'under-performance' in the process of service delivery. Focus should be diverted towards need based selling customer centric marketing strategies, based on long term trust and win-win approach rather than aggressive selling.

Conclusion:

The present study set out four objectives and accordingly methodology and conceptual framework was developed. The various observations, findings and results have been coordinated and presented in the fourth chapter. The study has been guided by the theoretical framework.

In the light of the present study it can be concluded that the position of net profit was not satisfactory due to huge amount incurred on cost of sales. The company has huge amount of total assets which indicates that funds are blocked in fixed assets. This also indicates that assets are not fully utilized properly as compared to sales. Huge amount has been blocked both in fixed as well as current