



Financial Analysis of Boat

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ABSTRACT

A financial analysis involves evaluating a company's financial health and performance using various financial tools and techniques. This analysis typically involves the examination of a company's financial statements, including its income statement, balance sheet, and cash flow statement, to identify trends and patterns that may indicate financial strengths or weaknesses. Financial ratios are commonly used in a financial analysis to measure a company's profitability, liquidity, solvency, and efficiency. These ratios provide valuable insights into the company's financial position, allowing stakeholders to make informed decisions about investment, lending, and other financial matters.

INTRODUCTION:

Financial statements are formal records of financial activities and position of a business, person or other entity. These statements include standard reports like balance sheet, profit and loss statement, and cash flow statement. They stand as one of the most essential components of business information, and as the principal method of communicating financial information about an entity to outside parties. In a technical sense, financial statements are a summation of the financial position of an entity at a given point of time. Generally, financial statements are designed to meet the needs of many diverse users, particularly present and potential owners and creditors.

Statement of Problem

The profit over the years has been fluctuating. This study helps in analyzing the reasons for such fluctuations. This study also helps in analyzing the strength and weakness of boat lifestyle.

Objectives of study

- To examine and understand the liquidity and solvency position of the company.
- To know the profitability position of the company
- To predict the future prospect of the company, past performance of the company is analyzed

Tools for analysis

- Ratio analysis
- Comparative balance sheet

Review of literature

Dharma raj, A.and Kathirvel N. (2016) explored an overview of new industrial policy act 1991, which allow 100 percent foreign direct investment. An attempt is made to find out the effect of FDI on financial performance of automobile industry. It is concluded that the liquidity ratios show minor changes and profitability shows an increasing trend during post FDI when compared to pre FDI. Post FDI efficiency ratio shows that companies are efficiently utilizing the available resources.

Dewar Varun (2016) Study to analyze the effect of various fundamental corporate policy variables like dividend, debit, capital expenditure on stock prices of automobile companies of India. The study tends that dividend & investment policy are relevant and capital structure irrelevant to stock prices.

Company Profile

boat was launched in 2016 by Aman Gupta and Sameer Mehta. The company's portfolio offers well-designed, innovative and distinctive fashionable lifestyle-oriented products at attractive price points targeted at a young and widely addressable audience within India. boat's product range includes an extensive catalogue of headphones, earphones, smart watches, speakers, travel chargers and premium cables, with Indian consumers' desires and preferences at the core of its design. The home-grown Indian brand has also raised approximately

\$100 million from an affiliate of Warburg Pincus, a leading global private equity fund focused on growth investing in January 2021. The company currently has approximately 150 employees on its team across its offices in Delhi and Mumbai.

Company highlight

Name : boat Lifestyle Legal name: imagine marketing Headquarters: New Delhi, India Sector: Consumer Electronics

Founders : Sameer Mehta, Aman Gupta Founded 2016

Total Funding Raised: \$177 million (October 2022)

Revenue : \$362.6 million (INR 3,000 crore, FY22)

Valuation : \$266.8 million (INR 2,200 crore, April 2021)

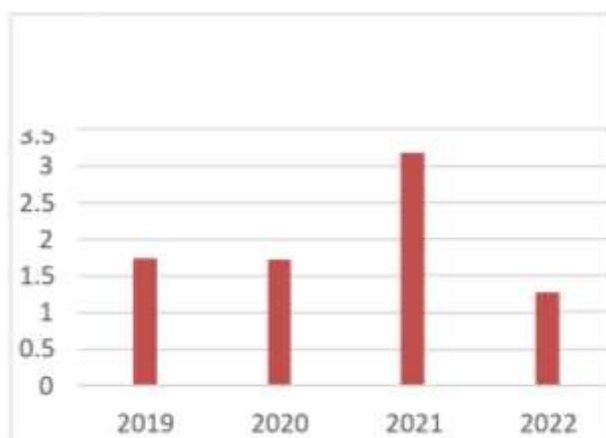
Website : boat-lifestyle.com

Current ratio

Year	Current Asset	Current Liability	Ratio
2019	80,16	46,12	1.74:1
2020	175.29	101.19	1.73:1
2021	655.26	206.35	3.18:1
2022	15,940.48	12,539.87	1.27:1

INTERPRETATION

The trend in the current ratio over the four-year period suggests that the company had a stable liquidity position until 2021 when it significantly improved. However, the ratio declined in 2022, highlighting the need for close monitoring of the company's financial position and management of its cash flow and working capital.

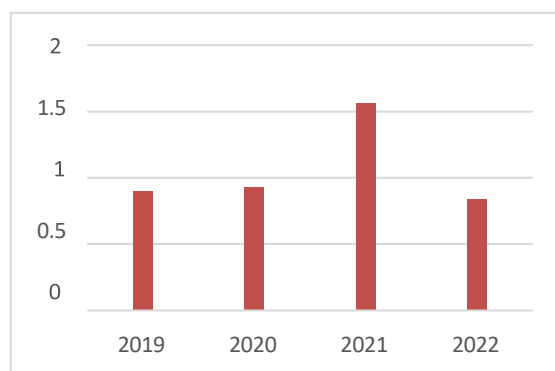


Quick Ratio

Year	Quick asset	Current liability	Ratio
2019	41,35	46,12	0.90:1
2020	94.5	101.19	0.93:1
2021	323.24	206.35	1.56:1
2022	10485	12539.87	0.84:1

INTERPRETATION:

The quick asset represents the liquid assets that can be easily converted into cash, while the current liability represents the company's short-term financial obligations that are due within one year. The quick ratio is a measure of a company's ability to pay off its current liabilities using its quick assets. A higher ratio typically indicates better liquidity and financial stability.

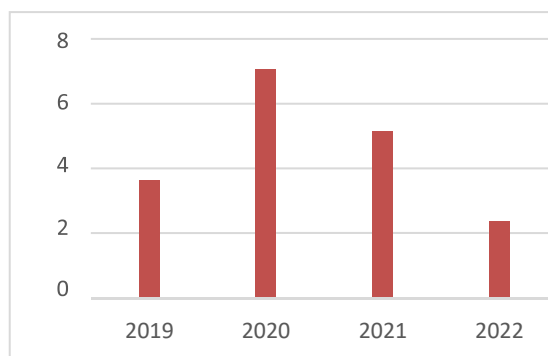


Net profit ratio

Year	Net profit	Net sales	Ratio
2019	8.73	239.44	3.64
2020	49.52	700.4	7.07
2021	77.93	1511.69	5.15
2022	68.7	2873.63	2.39

INTERPRETATION:

The ratio of net profit to net sales (or profit margin) improved significantly from 2019 to 2020, but declined in 2021 and 2022, indicating that the company may be experiencing higher costs or lower margins on its products or services in those years. Overall, the company appears to be growing and generating more profit, but it will be important to monitor trends in net sales and profitability in the coming years to ensure continued success.



Comparative balance

Particulars	2021	2022	Absolute amounts	Percentage change
Assets				
1. Non-current assets	655.26	2,801.53	1426.27	217.66
2. Current assets	23.17	15,940.48	15917.31	68697.9
Total Assets	678.43	18,742.01	18063.58	2662.5
Equity and Liabilities				
1. Total Equity	464.17	6,101.50	5637.33	1214.4
2. Non-current liabilities	7.91	100.64	92.73	1172.31

3. Current liabilities	206.35	12,539.87	12333.52	5976.9
Total Equity and Liabilities	678.43	18,742.01	106.57	2662.5

INTERPRETATION:

Overall, the company experienced significant growth in both assets and liabilities between 2021 and 2022. Non-current assets and current assets increased substantially, while current liabilities increased significantly more than non-current liabilities. Total equity increased substantially as well, but not as much as the company's liabilities.

Findings

- The trend in the current ratio over the four-year period suggests that the company had a stable liquidity position until 2021 when it significantly improved
- The quick ratio is a measure of a company's ability to pay off its current liabilities using its quick assets. A higher ratio typically indicates better liquidity and financial stability
- The ratio represents the proportion of liquid assets to current liabilities and helps determine a company's ability to pay off its short-term debts,
- This suggests that while the company's total assets continued to grow significantly, their net sales did not keep pace with the increase in assets.
- This might be an area of concern for potential investors as it indicates a decreasing efficiency in generating revenue from the company's assets.

Suggestions

- The company has to decrease its current liabilities to improve their liquidity ratio and liquidity position.
- The company can focus on increasing its gross profit margin by either increasing its revenues or decreasing its cost of goods sold.
- The company can also focus on reducing its operating expenses to increase its net profit margin.
- The company can improve its liquidity by increasing its current assets or reducing its current liabilities.
- This can be done by managing its inventory more effectively, collecting receivables on time, and negotiating better payment terms with its suppliers.
- The company can manage its debt effectively by reducing its debt-to-equity ratio.

Conclusion

The Project is entitled on "a financial analysis of boat lifestyle". Financial performance is the process of measuring the result of a firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industries or sectors. Utmost care has been taken at all levels of the project work, right from the beginning of analyzing accounting information provided by profit and loss account and balance sheet.