

A Study of Ratio Analysis of Bank of Baroda

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Abstract: *Financial performance is the process of measuring how effectively a company utilizes its assets from primary mode of business to raise incomes. The study used 3 year's Bank Of Baroda secondary data and main objective is to find out the performance ratios of the bank that can be helpful in finding the growth aspects of the bank. The various tools like Return on assets ratio, Interest coverage ratio, and other performance ratios were used for the study. The suggestions reveal bank is generating sufficient income and they are making better profits but efficiency of the bank in generating profits is limited. Finally, Bank is performing well in terms of income and it is satisfactory.*

Keywords: Bank Of Baroda

I. INTRODUCTION

Bank of Baroda (BOB) Was founded by Maharaja Sayajirao Gaekwad in July 1908. It started with a paid up Capital of Rs10 Lakh. Bank of Baroda is a Pioneer in various Customer centric initiatives in the Indian Banking Sector. Ratio analysis is referred to as the study or analysis of the line items present in the financial statements of the Bank of Baroda. It can be used to check various factors of a banks such as profitability, liquidity, solvency and efficiency of the Indian Banking Sectors. Ratio analysis is mainly performed by external analysts as financial statements are the primary source of information for external analysts. The analysts very much rely on the current and past financial statements in order to obtain important data for analyzing financial performance of the banks. The data or information thus obtained during the analysis is helpful in determining whether the financial position of a bank is improving or deteriorating.

II. REVIEW OF LITERATURE

This part represents the review of those studies that have been carried out in the financial performance. Rao (1993) discussed in his research about 'Financial appraisal of Indian Automotive Tire Industry'. Main objective of study was intended to probe into the financial condition-financial strength and weakness-of the Indian tire industry. He has been measured and evaluates the financial performance through inter-company and inter-sector analysis for the period of 1981-1988. He has found that the fixed assets utilization in many of the tire undertakings was not as productive as expected and inventory was managed fairly well. He has considered that the tire industry's overall profit performance was subjected to inconsistency and ineffective. He has suggested some recommendations to improve financial performance.

2.1 OBJECTIVES :

- To study the financial position of the Bank of Baroda.
- To study profitability of Bank of Baroda.
- To analyze the liquidity position of Bank of Baroda.
- To make a comparative analysis of Bank of Baroda for the three year 2021,2022 and 2023.

2.2 HYPOTHESIS

H0: There is no significant difference in the value of profitability ratio of the selected Bank of Baroda.

III. RESEARCH DESIGN

1. Sampling Methodology: The design of the sample is as follows

Population:- Nagpur District

Sampling Technique: Convenience sample

Sample size: 3 years

2. Type of Research (Exploratory/Descriptive/Causal/Experimental) applicable to project report-

In this project researcher will used Descriptive method of data analysis.

3. Method of Data Collection

Secondary data collection sources:

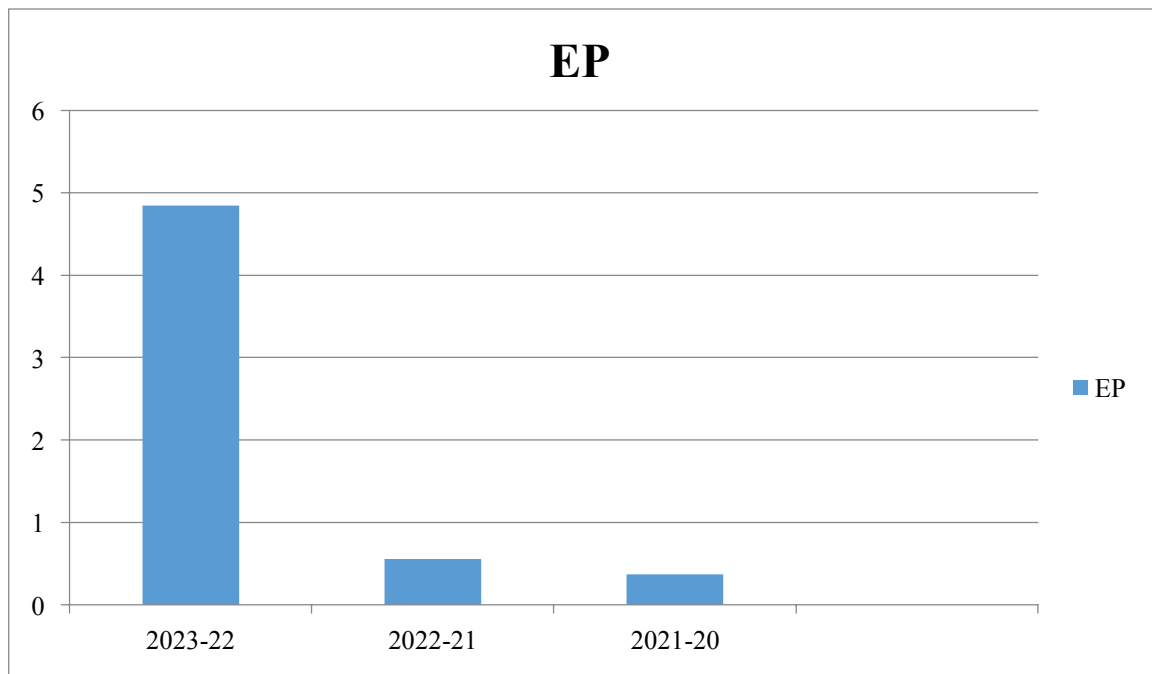
Secondary data provides a starting point for any research and offers valuable sources of already existing information. For my project work, Study of the banking industry, Bank of Baroda was done using secondary data source. This secondary information has been collected for internet, business related magazines and newspapers etc. For analysis purpose three year annual reports of Bank of baroda was taken period of study is three year i.e from 2018, 2019, 2020.

4. Data interpretation and analysis techniques to be used:

1. Earnings Per Share

Earnings per share of EPS are a common metric used to carry out corporate value. It can be defined as the value of earnings per outstanding share of common stock of the company. EPS indicates the company's profitability by showing how much money a business makes foreach share of its stock

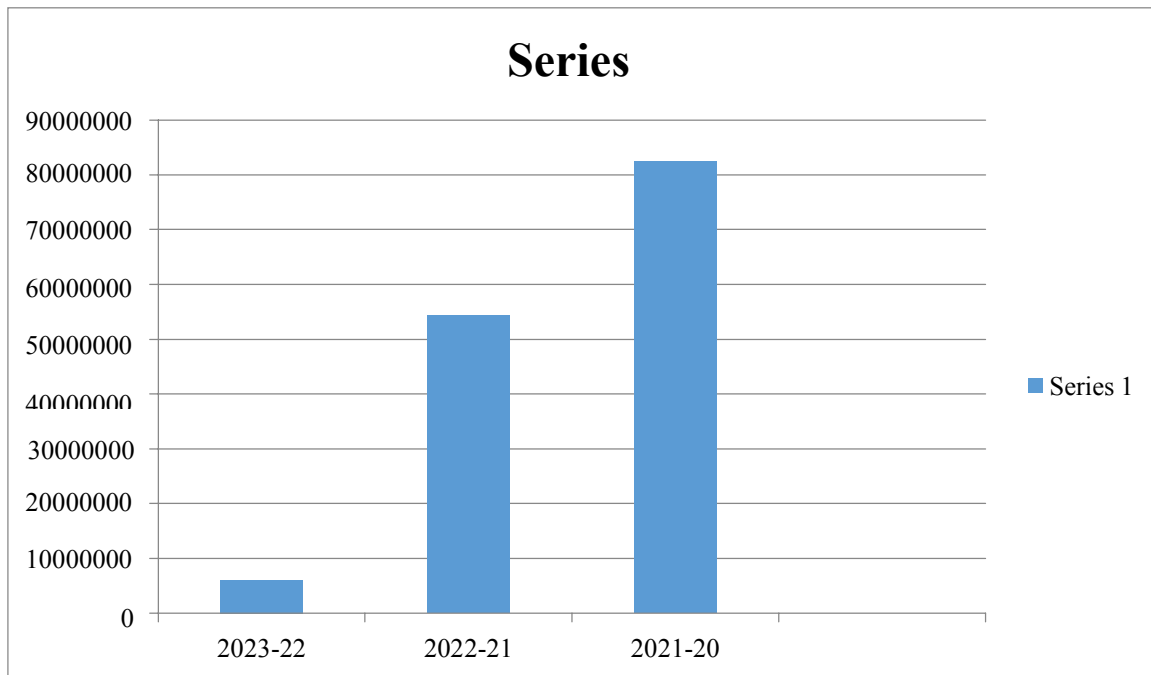
year	EPS
2023-22	4.84818773
2022-21	0.5526388
2021-20	0.364125



2. P/E Ratio

In this study analysis of the P/E Ratio shows what the market is willing to pay today for a stock based on its past or future earnings. A high P/E could mean that a stock’s price is high relative to earnings and possibly overvalued. If the low P/E might indicate that the current stock price is low relative to earnings.

Year	P/Eratio
2023-2022	6187879.2
2022-2021	54285005
2021-2020	82389289

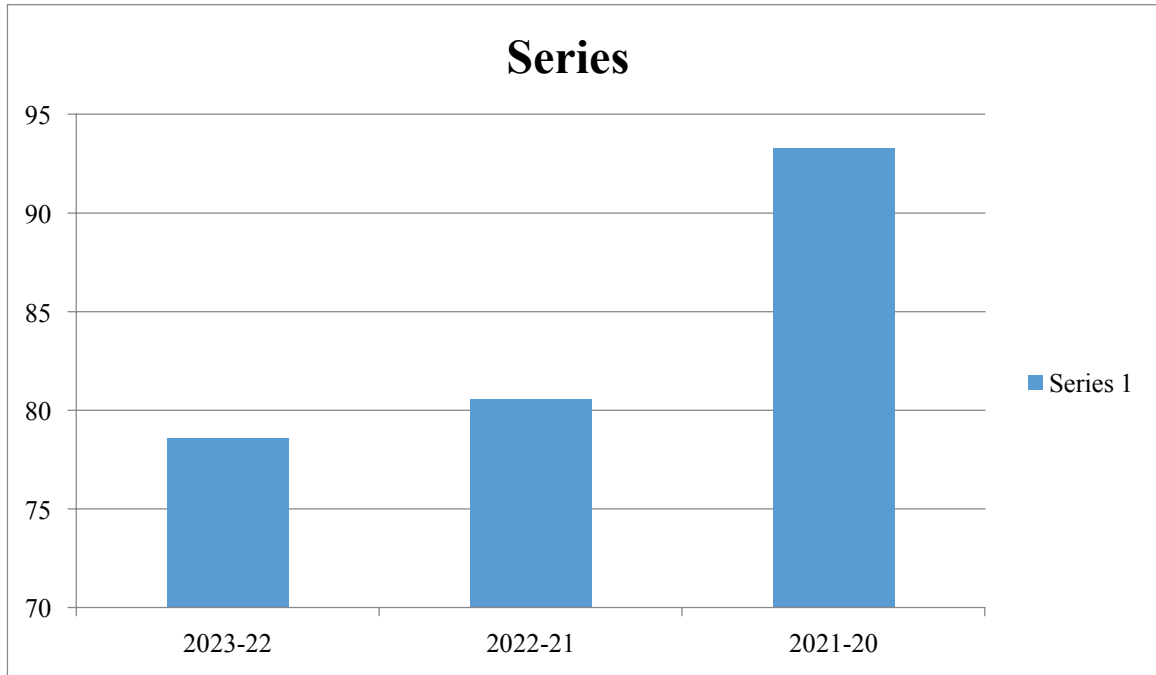


3. Return on Equity

In this study measures are net income and share holders Equity are calculated. The ROE suggests that a company is increasing its profit generation without needing as much capital. It also indicates how a company’s management will deploy shareholders capital. A higher ROE is usually better while a falling ROE may indicate a less efficient usage of equity of capital. In this study h return on equity is consider as a profitability. If the ratio is high, its income and growth of equity is high. In this Bank of Baroda are make profit and growth of equity is in the year 2023-22. In other years Bank of Baroda is Profit or loss in profitability of equity.

Year	ROE
2023-22	78.5727577
2022-21	80.5662223
2021-20	93.2605975

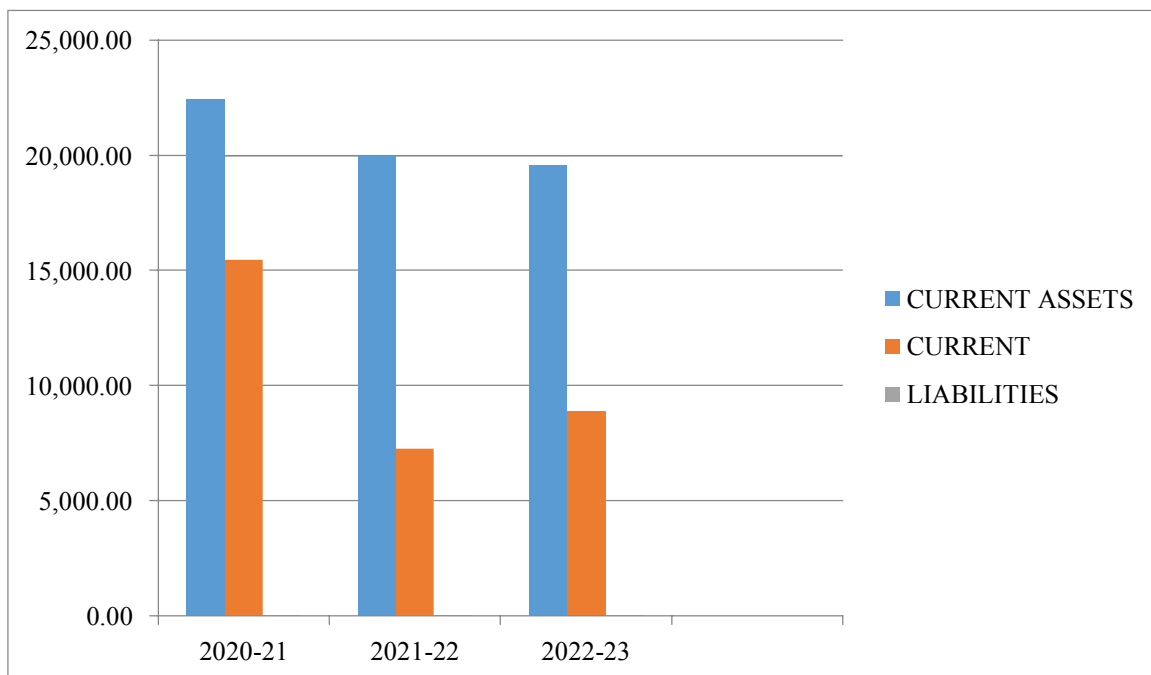
ROE



4. CURRENT RATIO:

Current Ratio = Current assets / Current liabilities

YEAR	CURRENTASSETS	CURRENT LIABILITIES	RATIO
2020-21	22,442.21	15,456.02	1.45
2021-22	19,970.18	7,268.32	2.75
2022-23	19,555.78	8,872.59	2.21



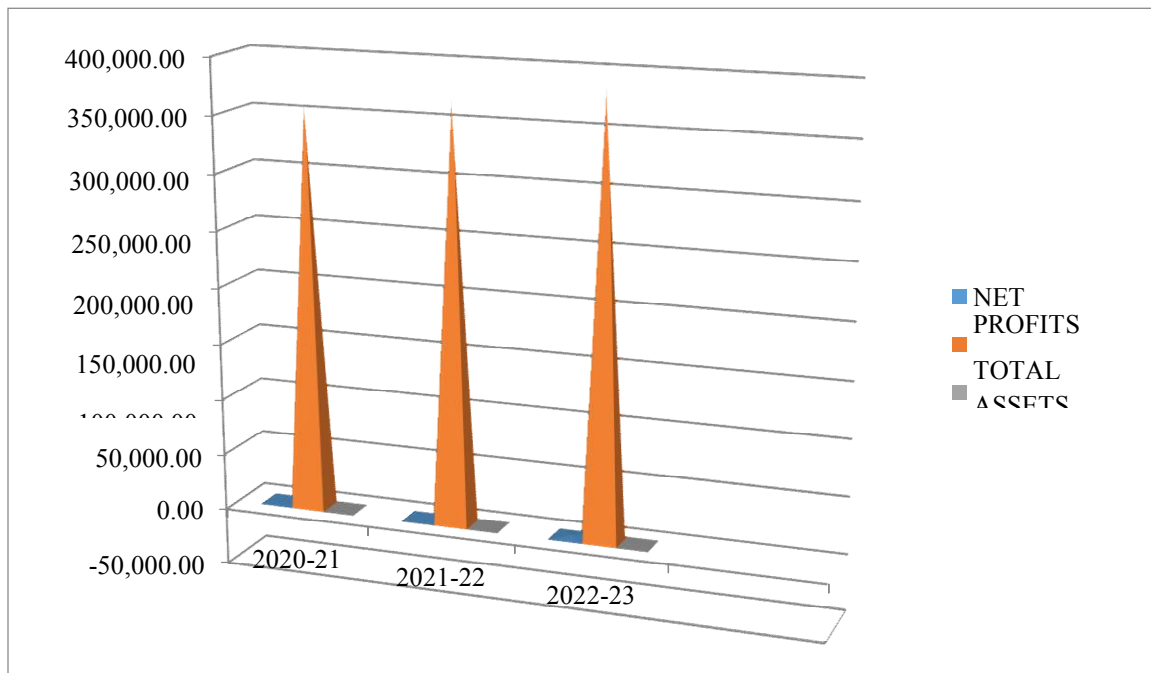
INTERPRETATION

The Current Ratio of Bank of Baroda. The Current Ratio is decreasing during the 3 years period of the study. In 2021-2022 Bank of Baroda had a ratio of 2.75 which is highest among all the 3 years

5. RETURN ON TOTAL ASSETS RATIO

Return on Total Assets = Net Profit / Total Assets × 100

YEAR	NET PROFITS	TOTAL ASSETS	RATIO
2020-21	-1,121.35	356,435.86	-0.31
2021-22	-887.58	369,214.99	-0.24
2022-23	1,044.83	386,565.59	0.27



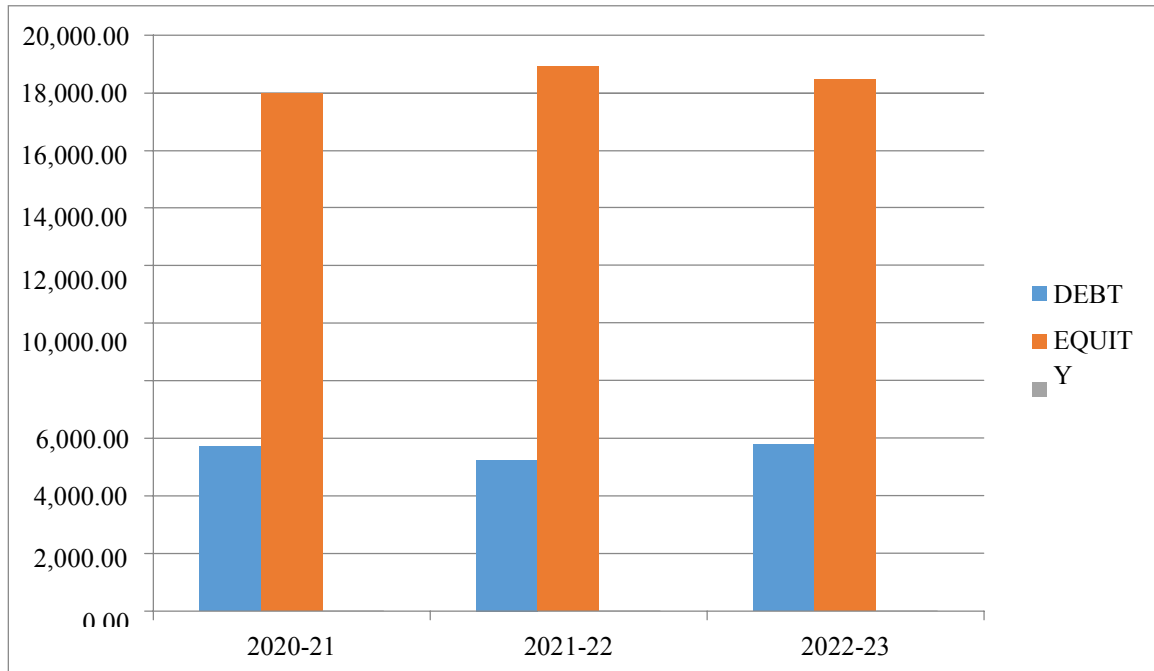
INTERPRETATION

The Return on Total Assets Ratio of Bank of Baroda. In 2022-2023 Bank of Baroda had a ratio of 0.27 but in 2020-2022 the Bank's return on total assets ratio was negative

6. DEBT-EQUITY RATIO

Debt Equity Ratio = Debt / Equity

YEAR	DEBT	EQUITY	RATIO
2020-21	5,706.12	17,985.54	0.32
2021-22	5,239.06	18,934.86	0.28
2022-23	5,787.20	18,466.87	0.31



INTERPRETATION

Debt-Equity Ratio of Bank of Baroda. Debt-Equity Ratio is decreasing during the 3 years period of the study. In 2020-2021. Bank of Baroda had a ratio of 0.32 which is highest among all the 3 years

IV. CONCLUSION

From the above analysis of the Bank of Baroda it's concluded that the bank financial position is good because the Bank of Baroda leverage, activity and profitability positions are good and the bank have to increase its liquidity position for better performance in future.

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