

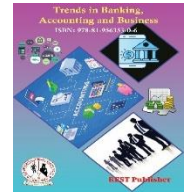


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A Study on Analysis of Financial Performance with Reference to Exide Industries Limited, Hosur

M.A. Suresh Kumar, Lakshmi pathi. S

Adhiyamaan College of Engineering, Hosur, Tamil Nādu, India

Corresponding author: lakshmi pathigowda143@gmail.com

Abstract: Analysis of financial performance is the process of identifying the financial strength and weaknesses of a firm from the available accounting data and financial data the analysis is done by properly establishing the relationship between the items of balance sheet and profit and loss account. The first task of financial analyst is to determine the information relevant to the decision under consideration from the total information contained in the financial statement. The title of the project is "A Study on Analysis of Financial Performance with Reference To Exide Industries Limited, Hosur. The entire study is based on secondary data. The secondary data were collected from books, journals and published annual reports. Collected data has been analysed using Analytical Research. The study covers a period of five years starting from 2018-2022. The tools used for this study were Trend analysis, Ratio analysis and Comparative balance sheet. Hence the attempt had been made in this study to analyse the financial position of the company especially regarding its liquidity and efficiency profitability position and provides valuable suggestions or improvement.

Key Words: Financial Statement, Ratio Analysis, Financial Performance, Liquidity, Balance sheet.

1. INTRODUCTION

Performance is a general term applied to a part or to all the conducts of activities of an organization over a period often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus, not just the presentation, but the quality of results achieved refers to the performance. Industry or to compare industries or sectors in aggregation. Financial analysis involves the use of financial statements. A financial statement is an organized collection of data according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show a position at a moment of time as in the case of a Balance sheet or may reveal a series of activities over a given period, as in the case of an Income statement. Thus, the term 'financial statements' generally refers to two basic statements: the balance sheet and the Income statement. The Balance sheet shows the financial position (condition) of the firm at a given point in time. It provides a snapshot and may be regarded as a static picture. "Balance sheet is a summary of a firm's financial position on a given date that shows Total assets=Total liabilities + Owner equity." The income statement reflects the performance of the firm over a period." The income statement is a summary of a firm's revenues and expenses over a specified period. ending with net income or loss for the period."

OBJECTIVES OF THE STUDY

- To study and ascertain the impact of EPS on the overall performance of the Exide Industries
- To ascertain the strength and weakness of the company
- To suggest measures for future improvement.
- To study the profitability and liquidity position of the organisation.
- To study the growth of the Exide Industries Limited for the past years from 2018-2022
- To make suggestions and recommendations for improving the financial position of Exide Industries limited.

SCOPE OF THE STUDY

- To analyse and interpret the relevant data of the company in a balanced way by trend analysis, ratio analysis and comparative balance sheet.
- To do the study in a logical and systematic way.
- To make the study as reliable in nature.
- To provide valuable suggestions and recommendations.
- To identify the basis of analysis & interpretation of the Exide Industries Limited.
- This study will help to analyse the financial status of the firm.

2. REVIEW OF LITERATURE

Sreekanth Jonnada and Rama Krishna Reddy Kummara, 2020 "Financial Performance Analysis of McDonald's Corporation" This study analyzes the financial performance of McDonald's Corporation for the period 2014-2018 using various financial ratios such as liquidity ratios, profitability ratios, and efficiency ratios. by **P. Nirmala and Dr. R. Anitha, 2019** "Analysis of Financial Performance of Small and Medium Enterprises (SMEs) in India" This study examines the financial performance of Small and Medium Enterprises (SMEs) in India using various financial ratios such as liquidity ratios, profitability ratios, and solvency ratios. **R. Divya and Dr. P. Lakshmi Devi, 2018** "Financial Performance Analysis of Apple Inc." This study analyzes the financial performance of Apple Inc. for the period 2013-2017 using various financial ratios such as profitability ratios, liquidity ratios, and activity ratios. The authors compare the financial ratios of Apple Inc. **Vikas Gautam and Shweta Singh, 2018** "An Empirical Analysis of the Financial Performance of Indian Telecom Industry" The study finds that the telecom industry has been facing financial distress due to intense competition and regulatory changes. This study provides a comprehensive analysis of the financial performance of the Indian telecom industry and can be useful for investors, regulators, and policymakers.

3. RESEARCH METHODOLOGY

Research is analytical in nature research is search in advance. In other words, research is defined as 'search for knowledge'. It means re-searching. Research methodology is the way to systematically solve the research problem. Research methodology is the science of studying how research is done scientifically. It not only talks about the research but also considers the logic behind the method we use in the control of one study and explain why we are using a particular method or techniques or why we are not using others. The data used in this project is of secondary in nature. The analysis used in this project has been done using selective technical tools.

4. DATA ANALYSIS & INTERPRETATION

CURRENT RATIO

This ratio is commonly used to perform short-term financial analysis. Also known as the working capital ratio, this ratio matches the current assets of the firm to its current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

TABLE 5.2.1 Showing the Current Ratio for the Period of 2018-2022

Year	Current Assets (In Crs)	Current Liabilities (In Crs)	Current Ratio
2017-2018	5089.21	3054.21	1.67
2018-2019	5460.47	3375.13	1.62
2019-2020	5409.95	3251.55	1.66
2020-2021	6255.93	4804.81	1.30
2021-2022	5121.25	2817.84	1.82

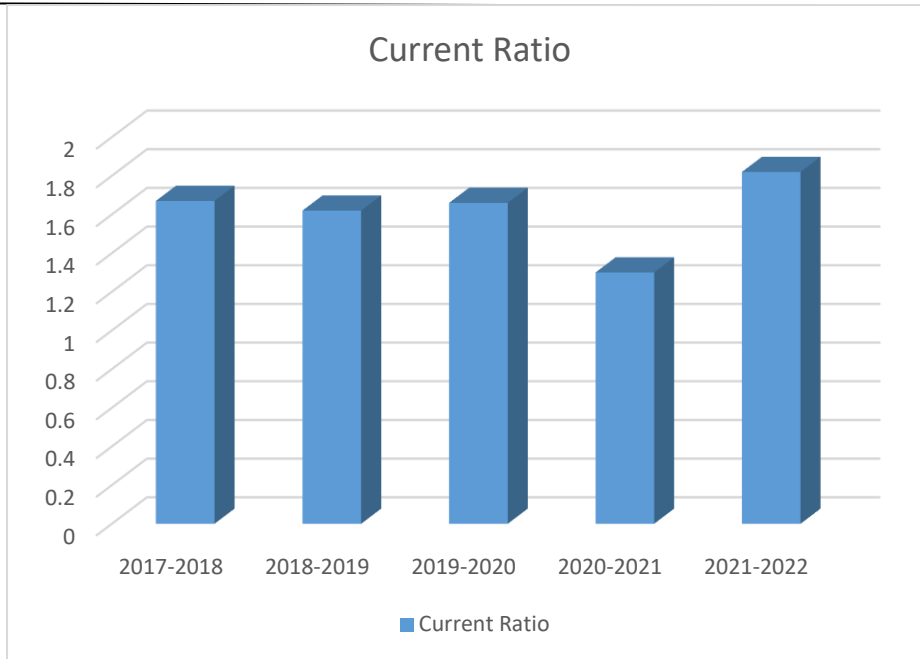
Correlation: 0.98499

Inference the above table showing the relation between current assets and current liabilities is perfectly positive sign (+0.98499).

INTERPRETATION

From the above table, it is interpreted that the current ratio maintains consistency for the year 2018, 2019, 2020 & 2022. In 2018 it is 1.67 and it is increased to 1.82 in the year 2022 but in the year 2021 it is decreased to 1.30 due to low sales and inventory when compared to previous year. The liquidity position of the company is considered Satisfactory.

GRAPH 5.2.1 Showing the current ratio for the period of 2018-2022



QUICK RATIO

This ratio is also known as acid test ratio. It is more severe test of liquidity of a company. It shows the ability of a business to meet its immediate financial commitments. It is used to supplement the information given by the current ratio.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

TABLE 5.2.2 Showing the Quick Ratio for the period of 2018-2022

Year	Quick Assets (In Crs)	Current Liabilities (In Crs)	Quick Ratio
2017-2018	1402.17	3054.21	0.46
2018-2019	1585.97	3375.13	0.47
2019-2020	1395.3	3251.55	0.43
2020-2021	1418.63	4804.81	0.30
2021-2022	1286.96	2817.84	0.46

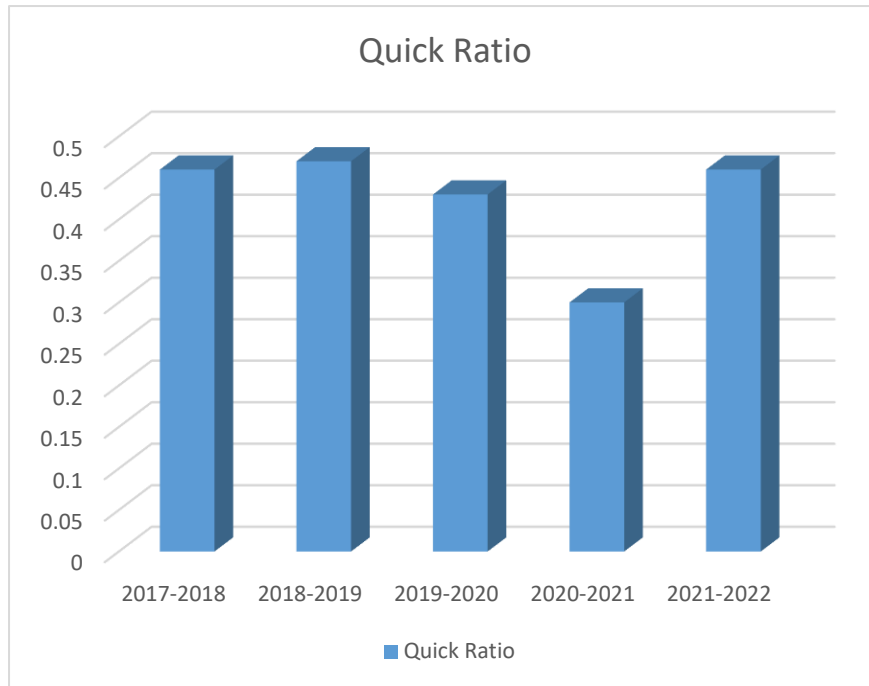
Correlation: 0.24424

Inference, the relation between quick assets and current liabilities is perfectly positive sign (+0.24424).

INTERPRETATION

From the above analysis, the quick ratio is fluctuating over the five-year period. It is interpreted that the current assets constitute more inventories, it is not satisfactory increase as quick liabilities are more than the quick assets. In the year 2019, the quick ratio is 0.47 which is slightly higher than the other years, because the current assets constituted less of inventories and more of other current assets components which is why there is a significant difference between current assets and quick assets.

GRAPH 5.2.2 Showing the Quick Ratio for the period of 2018-2022



CASH RATIO

This ratio is also known as super quick ratio. Cash ratio establishes a relationship between cash and current liabilities.

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}}$$

TALE 5.2.3 Showing the Cash Ratio for the period of 2018-2022

Year	Cash (In Crs)	Current Liabilities (In Crs)	Cash Ratio
2017-2018	308.6	3054.21	0.10
2018-2019	340.94	3375.13	0.10
2019-2020	331.47	3251.55	0.10
2020-2021	342.43	4804.81	0.07
2021-2022	189.11	2817.84	0.07

Correlation: 0.56704

Inference, the relation between cash and current liabilities is perfectly positive sign (+0.56704)

Interpretation

From the above analysis, the super quick ratio or cash ratio shows a fluctuating period of five years. This ratio does not reach the ideal ratio 0.5:1. Because the company is not maintaining the cash in hand and bank as well as not invested in short term marketable securities, and this ratio shows that the company heavily dependent on banks for the short-term money requirements in form cash credit, trade credit etc.

GRAPH 5.2.3 Showing the Cash Ratio for the period of 2018-2022



5. FINDINGS & SUGGESTIONS

Findings:

- The current assets of the firm are continuously increasing from 2018-2022. So, the higher the current assets are, the higher the margin of safety that the company possess to meet its liabilities. Current asset greater than 1 indicates that the company is financially good, and it is less likely to fall in financial difficulties.
- The company's earning position is good, and it is continuously increasing over the period of last four years. The EPS of the company is continuously increasing from year to year due to increase in the PAT.
- The liquidity position of the company is considered satisfactory. The current assets constitute more of inventories and the company is not maintaining the cash in hand and at bank as well as not invested in short term marketable securities during the period of study.

Suggestions:

- The liquidity position of the company may be improved by maintaining optimum current assets and liquid assets according to the standard norms. It is suggested that the company can invest in short term marketable securities and should maintain cash in hand and at a bank to meet short term requirements.
- The proposition of inventories in current assets seems to be more. It is suggested to follow just in time or safety stock level techniques in inventory management.
- It is better to maintain consistency in sales growth and make efforts to reduce the cost of production that leads in increase in contribution.

6. CONCLUSION

- The study is done on the Analysis of Financial Performance at Exide Industries Limited, Hosur.
- From the above summary we can conclude that the Exide Industries Ltd is satisfactory in its overall financial performance. The increasing trend shows that the firm is growing very rapidly.
- The researcher feels that Exide Industries Limited has a very good reputation in the market and good future ahead.

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