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# A Study on Financial Analysis Toweards Exide Industries Limited, Hosur

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***Abstract:*** *Financial Analysis was the process of determining the significance of operating and financial characteristic of the firm's financial data. The goal of financial management is to determine the effectiveness and efficiency of the company as reflected in the financial records and reports. Ratio Analysis disclosing the status of investments is known as a balance sheet and the statement showing the results is known as profit and loss account. This title of the project is "A Comparative Study on Suppliers and That Client Companies with Respective to The Ratio Analysis with Special Reference to Exide Industries Limited At 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 analyzed using Analytical Research Method. The study covers a period of five years starting from 2018-2022. The tools used for this study were ratio analysis and trend analysis. Hence an attempt had been made in this study to analysis the financial position of the company especially regarding its liquidity and efficiency profitability position and provides valuable suggestions or improvement.*

***Keywords:*** *Ratio Analysis, Investment, Financial records, Trend analysis, Balance sheet*

## 1. INTRODUCTION

Financial Management is the specific area of finance dealing with the financial decision corporations make, and the tools and analysis used to make the decisions. The discipline may be divided between long-term and short-term decisions and techniques. Both share the same goal of enhancing firm value by ensuring that return on capital exceeds cost of capital, without taking excessive financial risks. Capital investment decisions comprise the long-term choices about which projects receive investment, whether to finance that investment with equity or debt, and when or whether to pay dividends to shareholders. Short-term corporate finance decisions are called working capital management and deal with balance of current assets and current liabilities by managing cash, inventories, and short-term borrowings and lending (e.g., the credit terms extended to customers). Finance is the life blood of the business. Financial management study about the process of procuring and judicious use of financial resources with a view to maximizing the value of the firm thereby the value of the owner i.e., equity shareholder in a company is maximized. The basic responsibility of the finance manager is to acquire funds needed by the firm and investing those funds in profitable ventures that will maximize firm's wealth as well as yielding returns to the business concern. The success or failure of any firm is mainly linked with the quality of financial decision. The globalization and liberalization of the world economy has caused to bring tremendous reforms in financial sector which aims at promoting diversified, efficient and competitive financial system in the country. The financial reforms coupled with diffusion of information technology must increase competition, mergers, takeover, cost management, quality improvement, financial discipline etc. Globalization has caused to integrate national economy with the world economy, and it has created a new financial environment which brings new opportunities and challenges to the individual business concern. In this study led to total reformation of the finance function and its responsibilities in the organization.

Financial management in India has changed substantially in scope and complexity in view of recent government policy. Today's finance managers are seized with problem of financial management look into the following function that a finance manager of a business firm will perform. Arrangement of short term and long-term funds from financial institutions. Mobilization of funds through financial instruments like equity shares, preference shares, debentures, bonds etc. Orientation of finance functions with the accounting function and compliance of legal provisions relating to funds procurement, use and distribution.

## 2. OBJECTIVE OF THE STUDY

The main objective of the study is to test the liquidity, turnover, return, profitability, and shareholder and leverage ratio of a concern.
To analyse and evaluate the ratio analysis of Exide Batteries.
To study the profitability and liquidity position of the organisation.
To study the growth of the Exide Batteries for the past five years from 2018 to 2022.
To make suggestions & recommendations for improving the financial position of Exide Batteries.

## 3. SCOPE OF THE STUDY

To analyse and interpret the relevant data of the company in a balanced way by ratio Analysis.
To do the study in a logical and systematic way.
To make the study as reliable in nature.
To provide a valuable suggestions and recommendations.
To identify the basis of analysis & interpretation of the EXIDE BATTERIES.
To identify the strength and weakness of a business concern.
The study will help to analyse the financial status of the firm.

## 4. LITERATURE REVIEW

Bhaskaran (2014), In the present study an attempt is made to evaluate relative performance of banks in India using CAMEL approach. It is found that public sector banks have significantly improved indicating positive impact of their forms in liberalizing interest rates, rationalizing directed credit and Investments, and increasing competition.

Collis and Jarvis (2016), on financial performance of small private companies in the U.K., the most useful sources of information are the periodic management account (ie. the balance sheet and income statement), cash flow information and bank statements (of course bank statement are another form of cash flow information but generated externally) (Collis, 2012) suggest is critical to the success and survival of a small business.

Emmanuel Odusami (2019), investors and other external users of financial information will often need to measure the performance and financial health of an organization. This is done in order to evaluate the success of the business, determine any weaknesses of the business, compare current and past performance, and compare current performance with industry standards. Financially stable organizations are desirable, because a financially stable business is one that successfully ensures its ability to generate income for investors and retain or increase value.

Gombola and Ketz (2013), These can be used to answer questions on a company's performance since debt obligations are met with cash. Such an analysis will result in adequate lines of credit, unrestricted cash availability, debt maturity schedules with respect to financing requirements and the willingness to issue common equity. It will allow an analyst to examine a company's financial health and how the company is managing its operating, investment, and financing cash flows (Palepu Penman, 2010). A lack of cash flow data has caused problems for investors and analysts in assessing a company's performance, liquidity, financial flexibility, and operating capability.

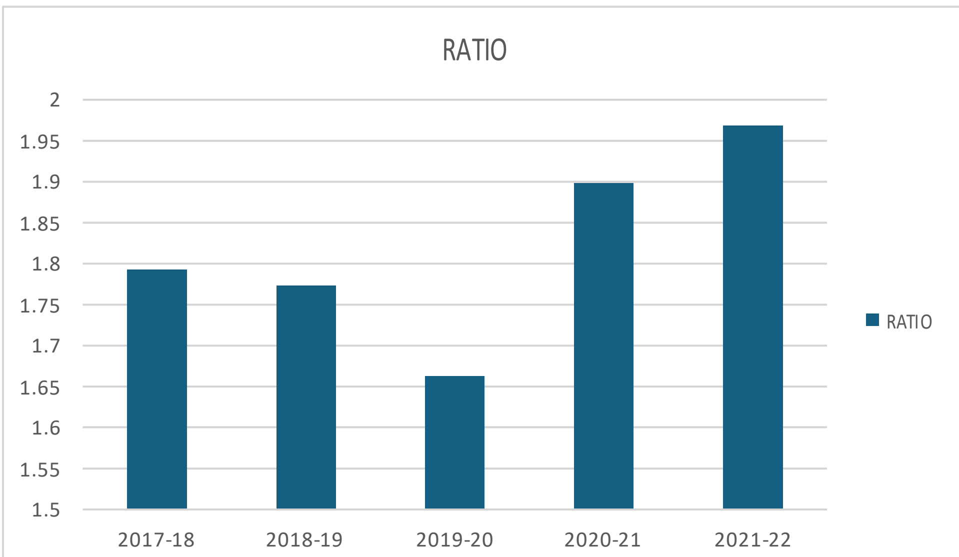
## 5. REASEARCH METHODOLOGY

The company's survival and growth depend on its performance. Finance reports are prepared quarterly, half yearly and annually by the company, by using various financial tools and techniques, are trend analysis, ratio analysis, and comparative balance sheet. These reports of the company help in evaluating the performance and the direction in which the company is moving.

## 6. DATA ANALYSIS

**CURRENT RATIO**

| | CURRENT RATIO | | |
|---|---|---|---|
| YEAR | CURRENT ASSETS | CURRENT LIABILITIES | RATIO |
| 2017-18 | 3,251.97 | 1,813.64 | 1.793 |
| 2018-19 | 3,471.97 | 1,958.08 | 1.773 |
| 2019-20 | 5,409.95 | 3,251.55 | 1.663 |
| 2020-21 | 4,394.89 | 2,314.85 | 1.898 |
| 2021-22 | 4,722.55 | 2,398.23 | 1.969 |




**Analysis:** In the year 2017-18 the current ratio is 1.793 and in the year 2018-19 it is decreased as 1.773 and in the year 2019-20 it is decreased as 1.663 and in the year 2020-21 it is Increased as 1.898 and in the year 2012-13 it is 1.983.

**Interpretation:** A higher current ratio is an indication that more current assets are available to meet current liabilities. This shows the current ratio of the company is quite satisfactory, healthy sign for the company and the company must utilize efficient funds.

## 7. FINDINGS

1. A higher current ratio is an indication that more current assets are available to meet current liabilities.
2. The standard quick ratio is 1:1 and is the investment in quick assets and liabilities. The company is facing short-term financial crises.
3. The performance of the result was at the maximum of 4.779 during the year 2018 - 19, more sales turnover, and more investment in fixed assets.
4. Current assets are increased due to the increase in the sundry debtors and the net fixed assets of the firm also increased due to the charge of depreciation and there is no major increment in the fixed assets.
5. This is the ratio between net profit and total assets. The ratio indicates the return on total assets in the form

of profits.

## 8. SUGGESTIONS

The company should reduce employee turnover. The company can invest more in current assets to meet the available current liabilities. The company should try to improve the liquid ratio to the standard ratio 2:1 by reducing the current liabilities. The company can increase their net profit by reducing the operating and other expenses. The management of inventory can be improved further by increasing sales.

## 9. CONCLUSION

The study is done on the ratio analysis at Exide Industries Limited. Exide industry is the largest battery manufacturer. Exide is a super brand, and it has a wide distribution network. The company has good control over the current liabilities as its current ratio is almost equal to the standard ratio 2:1. The liquid ratio is not up to the standard indicating the limited liquid assets available to meet the current liabilities. The company can have a turnover of stock almost equal to 5 times which is satisfactory. Overall ratio analysis of the company is satisfactory as they are maintaining current assets and current liabilities in the proper position. To conclude, would like to maintain the face value that ratio analysis here is good but still improve if the company follows suggestion given by the researcher.

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