



A Study of Financial Performance of Exide Industries

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ABSTRACT

Exide Industries Ltd is a prominent Indian company that produces automotive and industrial Batteries. The firm has a robust presence in both local and global markets, providing a broad variety of products to meet various customer requirements. Exide Industries has been in existence for over a Century and has created a name for itself as a dependable and trustworthy brand. This project is thus an earnest attempt to analyse profitability and liquidity of Exide industries limited. This analysis would Be particularly beneficial to investors, creditors, and other stakeholders interested in understanding the Company's financial performance and prospects. Through this evaluation, stakeholders can make Informed decisions regarding investment, lending, and other financial matters related to Exide Industries.

Keywords: Exide Industries Financial Performance.

a) INTRODUCTION

An Indian firm Exide Industries Limited in terms of its financial health, major business activities, and position In the market as a pioneer storage battery manufacturing firm. It will discuss the company's Revenue patterns, profitability, and financial soundness by analysing primary financial statements and Ratios. It will further examine Exide's competitive landscape in the battery sector with regards to its growth Moves and investment, as well as technological innovation. The research will further evaluate possible Risks, threats, and opportunities that would affect the future performance of the company. By identifying These factors, the project seeks to gain useful insights into Exide Industries' financial robustness and Sustainability over the long run.

b) OBJECTIVES OF THE STUDY

- Evaluate Exide's financial performance over a specific period by analyzing key financial data and Statements. Assess profitability, liquidity, and efficiency to determine the company's financial Stability and growth.
- Identify the strengths and weaknesses of Exide Industries by analysing financial stability, Profitability, and risks.
- Based on the analysis provide recommendations for improving Exide's financial performance.
- Analyse trends in revenue, profitability, liquidity, and efficiency over time to assess financial Growth and stability.

c) STATEMENT OF THE PROBLEM

Financial performance effectiveness involves making organizational decisions with the aid of Different methods of analysis to establish profitability, solvency, and liquidity and to check if the financial Performance of the company is effective. Exide must embrace new technologies in the battery sector in Order to be competitive since its market share has dropped due to stiff competition from domestic and Foreign companies. Apart from the currency fluctuations, changes in raw material prices and the highly Competitive nature of the battery market and the other biggest challenges for Exide. To address these, Exide has to emphasize innovation, cost reduction, and strategic collaborations. Enhancing its research And development capabilities will help the company launch sophisticated battery solutions and regain its Leadership position in the market.

d) RESEARCH METHODOLOGY

Analyse financial reports, market research papers, and industry publications. And Review of academic journals and news articles related to Exide and the battery industry.

e) INDUSTRY OVERVIEW

Exide Industries Limited, established in 1947, is among India's leading producers of lead-acid storage batteries and power solutions. Founded as part of UK-based Chloride Group, the company opened its first manufacturing plant in Shamnagar, West Bengal. Exide diversified its business, establishing several manufacturing facilities across India and venturing into industrial, automotive, and submarine battery businesses. The firm also forayed into new-age energy solutions such as lithium-ion batteries and energy storage solutions. With a robust emphasis on R&D, Exide continues to be a market leader with innovative and dependable power solutions across the world. The headquarters of the company is located in Kolkata, India. It is the biggest producer of automotive and industrial lead-acid batteries in India and the world's fourth largest. Exide has manufacturing units in India and Sri Lanka and an extensive network of dealers across 46 countries on five continents. The widespread distribution network and service network of the company have been responsible for its continued dominance in the market. Exide has strategically invested in technology development, automation, and eco-friendly manufacturing processes to stay ahead in the competition. Exide has also invested in designing environmentally friendly battery recycling solutions to lower ecological footprint and meet international standards of sustainability.

f) STRATEGIC PILLARS

- S01 celebrating Growth in Core Lead-Acid Battery Business.
- S02 Pioneering New Business Frontiers.
- S03 Achieving Excellence Through Innovative Practices
- S04 Facilitating Digital Evolution and Cost-effectiveness
- S05 Unlocking Full Potential through a Strong Finance.
- S06 Creating a sustainable environment Tomorrow.

g) OPERATIONS

Exide Industries has a global presence through subsidiaries, affiliates, and distribution networks.

Exide is a leading battery manufacturer that exports to over 60 countries.

- **Manufacturing:** Exide has manufacturing facilities in the UK, Singapore, and Sri Lanka. Exide has subsidiaries that manufacture of batteries. Exide has factories in India that manufacture lead-acid batteries and home UPS systems.
- **Distribution:** Exide has a strong distribution network and dealer network. Exide offers solutions for equipment selection, battery sizing, installation, operation, and maintenance.
- **Research and development:** Exide has R&D facilities in the US, Germany, and Spain. Exide collaborates with Furukuwa of Japan and East Penn Manufacturing of US.
- **Markets:** Exide manufactures batteries for the automotive, power, telecom, infrastructure projects, computer industries, railways, mining, and defence sectors. Exide manufactures batteries under the brands Exide, SF Sonic, Dynex, and CEIL.
- **Sustainability:** Exide's annual report adheres to the Global Sustainability Standard Board's (GSSB) GRI Standards. Exide's annual report outlines their initiatives on environmental, social, and governance (ESG) parameters.

h) ANALYSIS AND INTERPRETATION

1. CURRENT RATIO

S. No	Year	Current Asset	Current Liabilities	Current ratio
1	2023-24	5301.52	3259.21	1.62
2	2022-23	5085.02	2499.17	2.03
3	2021-22	4722.55	2398.23	1.96
4	2020-21	4394.89	2314.85	1.89
5	2019-20	3339.50	1744.25	1.91

(Source: Secondary Data)

INTERPRETATION

With the current ratio of 1.62; the company's current assets are more than current liabilities. Suggesting good liquidity and ability to meet short-term obligations.

2. QUICK RATIO

S. No	Year	Quick Asset	Current Liabilities	Quick ratio
1	2023-24	2052.34	3259.21	0.62
2	2022-23	2096.08	2499.17	0.83
3	2021-22	2264.48	2398.23	0.94
4	2020-21	2048.19	2314.85	0.88
5	2019-20	1147.27	1744.25	0.65

(Source: Secondary Data)

INTERPRETATION

The Quick Ratio of 0.62 indicates a limited ability to cover immediate liabilities with highly liquid assets, emphasizing potential liquidity concerns. This suggests a need for caution in assessing the company's short-term financial stability and ability to meet current obligations without relying on inventory sales.

3. CASH RATIO

S. No	Year	Cash	Current Liabilities	Cash ratio
1	2023-24	222.67	3259.21	0.07
2	2022-23	74.48	2499.17	0.03
3	2021-22	161.22	2398.23	0.07
4	2020-21	91.35	2314.85	0.04
5	2019-20	154.59	1744.25	0.09

(Source: Secondary Data)

INTERPRETATION

The cash ratio of 0.07, the company holds 0.07 in cash and cash equivalents for every Rs of current liabilities. This implies a relatively low liquidity position, highlighting potential challenges in meeting short-term obligations solely with cash reserves and underscoring the importance of effective cash flow management.

4. DEBT EQUITY RATIO

S. No	Year	Total Liabilities	Shareholders Equity	Debt Equity ratio
1	2023-24	4447.21	13703.24	0.32
2	2022-23	3024.17	11743.75	0.26
3	2021-22	2817.23	11093.58	0.25
4	2020-21	4804.85	23883.51	0.2
5	2019-20	3251.25	21116.11	0.15

(Source: Secondary Data)

INTERPRETATION

A debt-to-equity ratio of 0.32 indicates that a company is primarily financed by equity, with a relatively low level of debt, suggesting a conservative approach to financing and a relatively low financial risk; for every dollar of equity, the company has only 32 cents of debt. While a D/E ratio below 1 is generally considered favourable, a detailed analysis should consider industry standards and the company's specific circumstances to assess its financial risk and leverage.

5. PROPRIETARY RATIO

S. No	Year	Shareholder's Fund	Total Tangible Assets	Proprietary ratio
1	2023-24	13137.24	16866.34	0.77
2	2022-23	11209.75	14051.04	0.79
3	2021-22	10605.58	13343.15	0.79
4	2020-21	6893.57	9628.77	0.71
5	2019-20	6296.11	8242.08	0.76

(Source: Secondary Data)

INTERPRETATION

The proprietary ratio of 0.77 suggests a company is financed largely by owner's equity, implying a strong financial position, with less reliance on borrowed funds and greater creditworthiness.

6. OPERATING PROFIT

S. No	Year	Operating Profit	Net Sales	Operating profit margin
1	2023-24	1871.19	16029.19	11.67
2	2022-23	1568.93	14724.38	10.65
3	2021-22	1396.63	12462.54	11.20
4	2020-21	1356.84	10106.92	13.42
5	2019-20	1365.66	9920.49	13.76

(Source: Secondary Data)

INTERPRETATION

operating profit margin of 11.67% indicates that for every dollar of revenue generated, the company keeps 11.67 cents as profit after covering all operating expenses. This suggests moderate operational efficiency, but a thorough analysis should consider industry benchmarks and historical trends for a comprehensive assessment.

7. NET PROFIT RATIO

S. No	Year	Net Profit	Net Sales	Net Profit Ratio
1	2023-24	882.27	15959.89	5.53
2	2022-23	822.49	14525.66	5.66
3	2021-22	4357.78	12335.34	35.33
4	2020-21	803.74	10007.66	8.03
5	2019-20	762.67	9809.33	7.77

(Source: Secondary Data)

INTERPRETATION

The net profit margin of 5.53% means that for every dollar of revenue, the business retains 5.53 cents as profit after all expenses are deducted, and it's generally considered a relatively low margin for many industries, potentially indicating financial risk.

8. INVENTORY TURNOVER

S. No	Year	COGS	Average Inventory	Inventory Turnover Ratio
1	2023-24	11483.49	2414.34	4.76
2	2022-23	10413.50	2637.08	3.95
3	2021-22	8722.39	2855.48	3.05
4	2020-21	6761.52	3436.19	1.97
5	2019-20	6485.61	3869.27	1.68

(Source: Secondary Data)

INTERPRETATION

With an Inventory Turnover Ratio of 4.76 the company efficiently sells and replenishes its inventory approximately 4.76 times within a specific period, showcasing effective inventory management. This high turnover suggests strong sales and could signify agile operations, but a comparison with industry benchmarks and historical trends is crucial for a comprehensive analysis.

9. GROSS PROFIT RATIO

S. No	Year	Gross Profit	Net Sales	Gross Profit Ratio
1	2023-24	1907.33	15959.89	11.95
2	2022-23	1670.87	14525.66	11.5
3	2021-22	1437.50	12339.34	11.65
4	2020-21	1397.25	10007.66	13.96
5	2019-20	1419.52	9809.33	14.47

(Source: Secondary Data)

INTERPRETATION

The Gross profit of Exide Industries is 11.9% where gross profit margin indicates that 11.9 cents of every dollar of revenue remains after paying for the direct costs of producing and selling goods or services.

10. FIXED ASSETS TURNOVER RATIO

S. No	Year	Total Revenue	Average Fixed Assets	Fixed Asset Turnover Ratio
1	2023-24	16113.73	3066.94	5.25
2	2022-23	14724.32	2951.18	4.98
3	2021-22	12462.03	3114.01	4
4	2020-21	10106.28	2872.37	3.51
5	2019-20	9920.6	2670.50	3.71

(Source: Secondary Data)

INTERPRETATION

A Fixed Asset Turnover Ratio (FATR) of 5.25 indicates that the company is generating revenue for every amount invested in fixed assets, suggesting highly efficient utilization of property, plant, and equipment.

i) CONCLUSION

Exide Industries has demonstrated resilience and adaptability in navigating the Complexities of the battery industry, with a lot of effort to improve its financial, Profitability, and liquidity performance while enhancing operational efficiency. Through strategic initiatives such as product portfolio optimization, cost rationalization, And market expansion, Exide Industries has become strong in their financial strength and Profitability. The focus on electric vehicles (EVs) and sustainable initiatives of batteries underscores The company's commitment to innovation and addressing emerging market trends, Positioning it favourably for future growth opportunities. Efforts to manage debt prudently, Optimize working capital, and strengthen operational efficiencies have contributed to Enhancing liquidity and mitigating financial risks. By investing in technology, supply Chain management, and customer experience enhancement, Exide Industries has Demonstrated a commitment to driving operational excellence and maintaining Competitiveness in the industry. Moving forward, Exide industries remains poised to capitalize on evolving market Dynamics and consumer preferences, leveraging its strong brand reputation, diversified Product portfolio, and strategic partnerships. By continuing to prioritize financial Discipline, innovation, and sustainability, Exide Industries is well-positioned to navigate Challenges and drive long-term value creation for its stakeholders in the dynamic Automotive landscape.

j) REFERENCE

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