

A Study On Accounts Receivables Management Of Exide Battery Pvt Ltd

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ABSTRACT

This study aims to analyze the accounts receivable management practices of Exide Battery Pvt Ltd, focusing on the effectiveness and efficiency of credit policies, collection procedures, and their impact on the company's liquidity and profitability. Effective management of accounts receivables is crucial for maintaining healthy cash flow and minimizing bad debts. The study evaluates the credit terms offered, average collection period, and the company's strategies to reduce overdue receivables. Data was collected through primary sources, including interviews with the finance department, and secondary sources such as company reports and financial statements. The findings suggest that while Exide Battery Pvt Ltd maintains a robust receivables system, there is scope for improvement in tightening credit controls and enhancing collection efforts to optimize working capital management. Recommendations are provided to strengthen the overall accounts receivable process to support the company's financial stability and growth.

1.1 INTRODUCTION

Accounts receivable management plays a vital role in the financial health of any organization. It involves the process of granting credit to customers, tracking outstanding invoices, and ensuring timely collection of payments. Efficient management of accounts receivables helps a company maintain steady cash flow, reduce the risk of bad debts, and improve overall profitability.

Exide Battery Pvt Ltd is one of the leading manufacturers and suppliers of batteries in India, serving a wide range of industries and customers. Due to the nature of its business, the company extends credit to numerous clients, making accounts receivable management a critical aspect of its working capital management.

1.2 NEED FOR THE STUDY

Effective management of accounts receivables is crucial for the financial stability and operational success of any business, including Exide Battery Pvt Ltd. Since the company deals extensively with credit sales, timely collection of receivables directly impacts its cash flow, liquidity, and ability to meet short-term obligations.

1.3 OBJECTIVES OF THE STUDY

1. To analyze the current accounts receivable management practices at Exide Battery Pvt Ltd.
2. To evaluate the effectiveness of the company's credit policies and collection procedures.
3. To assess the impact of accounts receivables management on the company's liquidity and profitability.
4. To identify the average collection period and the level of overdue receivables.
5. To identify challenges and risks associated with receivables management.

6. To suggest recommendations for improving the efficiency of accounts receivables management.

1.5 SCOPE OF THE STUDY

This study focuses on the accounts receivables management practices at Exide Battery Pvt Ltd, aiming to understand how the company handles credit sales, collection of outstanding payments, and the overall impact on its financial health.

The study covers an analysis of the company's credit policies, terms of payment, collection procedures, and evaluation of key metrics such as average collection period and bad debts. It also examines the effect of receivables management on liquidity and profitability.

1.6 METHODOLOGY

Methodology

The methodology for this study involves a systematic approach to collect, analyze, and interpret data related to accounts receivables management at Exide Battery Pvt Ltd.

1. Tools and Techniques:

Data was organized and analyzed using spreadsheets and statistical tools to compute relevant financial ratios and interpret results.

1.7 LIMITATIONS OF THE STUDY

1. The study is based on a limited number of organizations and respondents, which may not represent the entire industry or provide a comprehensive view of all receivables management practices.
2. The research is confined to a specific region or location, which may affect the generalizability of the findings to other areas with different economic or regulatory conditions.

2.2 REVIEW OF LITERATURE

1. Predicting Account Receivables with Machine Learning (2020)

Appel et al. (2020) introduced a machine learning prototype capable of predicting invoice payment timelines with up to 81% accuracy. This tool aids collectors in prioritizing accounts, potentially saving up to \$1.75 million monthly by enhancing collection efficiency. [arXiv](#)

2. The Impact of Innovative Technologies on Enhancing Receivables Management Efficiency in SMEs (2024)

Giri and Singh (2024) examined how small and medium enterprises (SMEs) leverage innovative technologies to improve receivables management. The study found that adopting modern tools reduces costs associated with enforcing receivables and enhances operational success. [The Economics Journal](#)

DATA ANALYSIS AND INTERPRETATION

TABLE-01

TABLE SHOWING GROSS WORKING CAPITAL CHANGE OF PRO-TEAM SOLUTIONS PVT. LTD.

Particulars	2021-2022	2022-2023	2023-2024	2024-2025
Current Assets				
Inventories	1,84,50,170	2,24,44,998	1,75,00,270	2,95,20,878
Sundry Debtors	52,39,150	1,18,18,945	41,41,430	59,47,413
Cash & Balance	28,63,563	10,34,108	19,52,882	20,11,974

Loans advances	92,64,565	1,05,09,307	93,01,065	87,41,638
Gross Working Capital	3,58,17,478	4,58,07,358	3,29,28,647	4,62,21,903

INFERENCE

From the above analysis it is observed the gross working capital has fluctuated with the growth of the business over a series of years. There is an increase in the current assets of the company.

TABLE – 02

TABLE SHOWING NET WORKING CAPITAL

Particulars	2021-2022	2022-2023	2023-2024	2024-2025
Gross Working	3,58,17,478	4,58,07,358	3,29,28,647	4,62,21,903
Current Liabilities	1,00,04,325	2,11,28,392	1,13,39,964	2,55,37,988
Net Working Capital	2,58,13,153	2,46,78,966	2,15,88,683	2,06,83,915

INFERENCE

From the above analysis it is observed the net working capital table indicates that excess current asset is available at the Disposal of the company for the operational requirements.

2.1 FINDINGS

Operating cycle of EXIDE BATTERY PVT LTD., has increased from 100 days in the year 2021-2022 to 160 days in the year 2022-2023 but decreased to 74 days 2023-2024, and is again decreased to 62 days in the year 2024-2025. This is due to the holding of finished goods list and work in progress list for more days and also due to increased raw material consumption.

The finished goods inventory conversion period has increased from 26 days in the year 2021-2022 to 72 days in 2022-2023, again in the year 2023-2024 it has been decreased to 31 days and in the year 2024-2025 has increased to 51 days. Also, the work in progress inventory conversion period has increased from 28 days in the year 2018-2019 to 41 days; again, it is increased to 43 days in 2023-2024 with a decrease of 30 days in 2024-2025.

The current ratio of the company has come down from 2.58 to 1.16 in the year 2012- 2023. In the next year it has increased to 1.90 but again it is decreased to 0.80 in the year 2024-2025. This indicates that the company is not able to meet the standard of 2:1 the downfall represents that the company's short-term liquidity place is not satisfactory.

The debt equity ratio is increased to 2.61 in 2022-2023. When compared to 2021-2022 and gain in the year 2024-2025 it is increased to 2.31 when compared to the year 2023- 2024. This shows that there is an improvement in the long-term solvency position of the company.

Gross profit ratio has increased in the year 2023-2024 to 5.92% having no profits in the year 2022-2023 and shows a fall in 2024-2025 to 3.03%.

The net profit ratio has decreased in the year 2024-2025 to 0.02% having no profit in the immediate previous years when compared to that of profits of 2023-2024 to 0.61%. This shows there is decline in the profitability of the company.

SUGGESTIONS

1. The company should make proper financial planning so that the available funds are utilized in more efficient and effective manner.
2. The company must try to maintain its short-term liquidity location, by investing only in those savings, which are easily convertible into cash.
3. The company must cut down the operating and other expenses without reducing the quality of its products.
4. The company should reduce the idle ability in order to increase the effectiveness in the operations.
5. The company must take immediate measures to reduce the length of the Operating cycle

2.2 CONCLUSION

In spite of incurring losses in the year 2022-2023, it has successfully managed to overcome this by making profits in future, which is a good sign of prosperity to the company. The long-term affluence position of the company has revealed a recurrent increase. The sales of the company have increased in the year 2021-2022 which indicates that the foreign companies are well satisfied with the company's product, which is a good sign to company's prosperity.

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