

A Financial Performance Analysis of Toyota Agency Pvt. Ltd

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Abstract

This research provides a detailed evaluation of the financial condition of Anaamalais Toyota Pvt. Ltd., a top automobile service center in Coimbatore, Tamil Nadu. The evaluation of the financial condition for Anaamalais Toyota PVT LTD examined a timeframe of over five years (2020-21 to 2024-25) through a comparative analysis of the financial being as well as for the company focusing on current, cash position and liquid ratios for the financial health for the company. This study uses ratios like the current ratio, liquid ratio and cash position ratio, to provide inferences regarding liquidity, profitability and solvency. Overall, the assessment concludes that the financial condition for the company is generally time stable with upward growth each year, to both share capital and equity. However, liquidity has drawn back slightly from the previous fiscal year, leading to a lower liquidity index for the prior fiscal year. Also revealed, were the service facilities that are position in central locations, posing as hinderances to customer access, accessibility and operational efficiency. Suggested for management, was to retain as much liquidity as possible on hand to reserve financial control on costs, for improvements on capital accessibility and a wider breadth of sources. The research delivers findings that can assist management, investors and policy members with able to taking the next steps based on evidence and experience.

Keywords: Financial Performance, Liquidity Ratios, Profitability Analysis, Cash Flow Management, Service Network Expansion

Introduction

Financial performance analysis is a critical component in determining an organization's feasibility, profitability and long-term growth. Financial performance analysis proceeds with a systematic analysis of core financial statements - the statement of financial position, the income statement and the statement of cash flows - as an assessment of efficiency, profitability and solvency. Stakeholders can use financial performance analysis to assess an organization's investment, credit and operational decisions.

This research will have a specific focus on Anaamalais Toyota Pvt. Ltd., which is a key sales and service operator of Toyota-branded vehicles. The company is headquartered in Coimbatore, Tamil Nadu and operates in Chennai, Bangalore, Hyderabad and Goa to provide sales, service and after sales service. To survive and grow sustainably in a competitive auto market in India, the company must maintain a secure financial position and operational flexibility.

The study's purpose is to evaluate Anaamalais Toyota Pvt. Ltd.'s financial performance over a five-year period from 2020-21 to 2024-25. This evaluation will encompass multiple analytical methods, including comparative financial statement analysis, common-size analysis, ratio analysis, and statement of cash flows analysis. A key goal is to evaluate

performance, specifically the current liquidity, profitability and solvency position and short and long-term financial position of the company.

Overall, the study's objective is to provide information that would be useful to management, increasing efficiency to support the decision at the time of investment and contribute to a vision for sustainable competitiveness in an ever-changing environment.

Problem of the Study

Anaamalais Toyota Pvt. Ltd. is primarily managing its centralized service locations and spare parts business in Coimbatore. Although operating this way provides control and quality; the trade-off for the customer is limited availability outside the central service area resulting in increased lead times, increased cost of logistics, and reduced customer satisfaction. The company is also experiencing increased competition in the automotive sector driving profit margins with a heightened awareness of liquefying and cost controls. This paper will explore how these implications affect the company's overall financial performance from 2020-21 to 2024-25 to find solutions to improve liquidity, efficiencies, and service area reach.

Review of Literature

The transformation of the automotive industry has been accelerating because of digital technologies, sustainability pressures, and changing customer expectations. Llopis-Albert, Rubio, and Valero (2021) noted that digital transformation has changed many business models in the automotive industry and improved operational flexibility and predictive capabilities. Gupta and Raman (2022) added the perspective of the experience of customers in the after-sale service of automobiles impacting customer satisfaction - and retention - and that the quality of service is also important for dealerships in terms of profitability.

Yeo, Lim and Yii (2024) placed importance on financial planning behavior and organizational performance in the context of financial planning, suggesting that structured financial management and forecasting improves decision-making in automotive firms. Jing and Fan (2024) discussed the implications of digital transformation affecting firm performance through supply chain integration. Chen, Zhang, and Wang (2023) made the same findings they confirmed the direct link between digitalization and profitability, specifically for Chinese manufacturers.

Kumar (2024) brought the discussion into the Indian context, and discussed liquidity and profitability of automobile companies and that management of working capital contributes to sustained stability. Pujari and Mariyappa (2023) made similar findings identifying that liquidity of firms and profitability as a factor within firms in the Indian automobile industry. Last, Siswanti, Nugroho, and Suryanto (2024) gave importance to the arguments made, that digital transformation has influenced sustainable business practices and overall provides a positive impact on financial performance.

Wang, Zhang, and Liu (2023) studied the efficiency and innovation facets of non-digital to digital transformation and found that the usage of digital tools improves companies' innovation output as well as overall firm performance. Brandenburg and Hahn (2021) evaluated firm efficiency in the automobile supply chain and demonstrated productivity benefits from strategic partnerships between the car manufacturer and supply chain partners.

In the Indian perspective, Ramanuj & Memon (2022) and Jadhav & Prakash (2023a, 2023b) assessed the financial performance and profitability of major automobile companies (e.g. Mahindra & Mahindra Ltd.), and constructed that liquidity, leverage and operational cost management are key profit consequences. Khan, Taqi, & Saba (2023) dissected the broader domain of digital transformation

for the Indian automotive industry, arriving to the conclusion that businesses in acquiring technology substantially enhances competitiveness.

Lastly, Jiang (2023) reviewed financing models for small and medium-sized automotive enterprises, positing that innovative financing vehicles, such as digital credit systems, foster financial resiliency. Collectively, these studies demonstrate that financial efficiency, digital transformation and service excellence are crucial performance drivers for automotive agencies, like Toyota Agency Pvt. Ltd., which is the subject of this inquiry.

Objectives of the Study

The primary objective is to assess the overall financial performance of Anaamalais Toyota Pvt. Ltd. from 2020–21 to 2024–25.

- To analyze the company's financial statements to evaluate its overall financial performance.
- To assess profitability, liquidity, and solvency using key financial ratios.
- To conduct comparative and common-size analyses to identify financial trends and structural changes.
- To provide actionable recommendations for improving financial stability and operational efficiency.

Research Methodology

The present study employs a descriptive research design to examine the financial performance of Anaamalais Toyota Pvt. Ltd. The research relied exclusively on

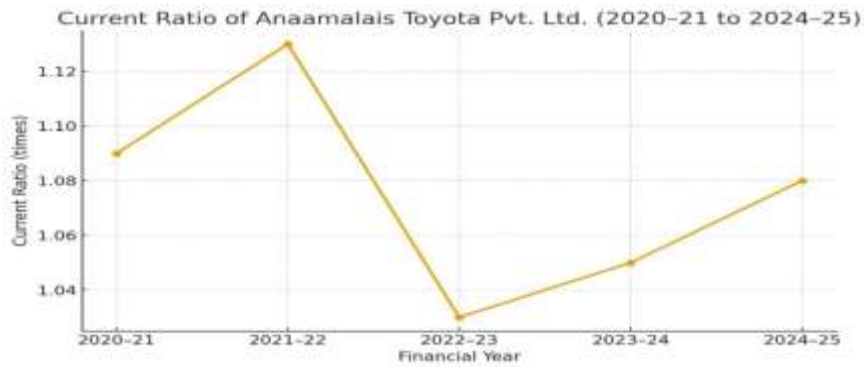
secondary data from the company's balance, profit, and loss accounts, and other financial statements for the period 2020-2025. This includes a sample containing six years of financial statements, providing a solid foundation to conduct analysis on financial viability and growth trends.

In the analysis of the research objectives, a series of financial analysis tools were considered for examining the financial health of Anaamalais Toyota privately limited. To assess liquidity ratios such as the Current Ratio, Liquid Ratio and Cash Position Ratio, leverage ratios such as Debt-to-Equity Ratio, activity ratios such as Asset Turnover Ratio, profitability ratios such as Return on Assets and Return on Equity, and equity ratios were used to gauge overall financial health. Furthermore, regression analysis was utilized to estimate growth in income and search for emerging financial trends. Data were compiled from a variety of secondary sources including financial reports from the company, and informal conversations with the Anaamalais Toyota management team located in Virudhunagar for context. By employing both quantitative and qualitative methods to triangulate information, the overall evaluation will consider liquidity, efficiency, profitability, and overall financial performance during the study period as a full appraisal of Anaamalais Toyota privately limited.

Analysis and Interpretation

Current Ratio

Year	2020–21	2021–22	2022–23	2023–24	2024–25
Current Ratio (times)	1.09	1.13	1.03	1.05	1.08

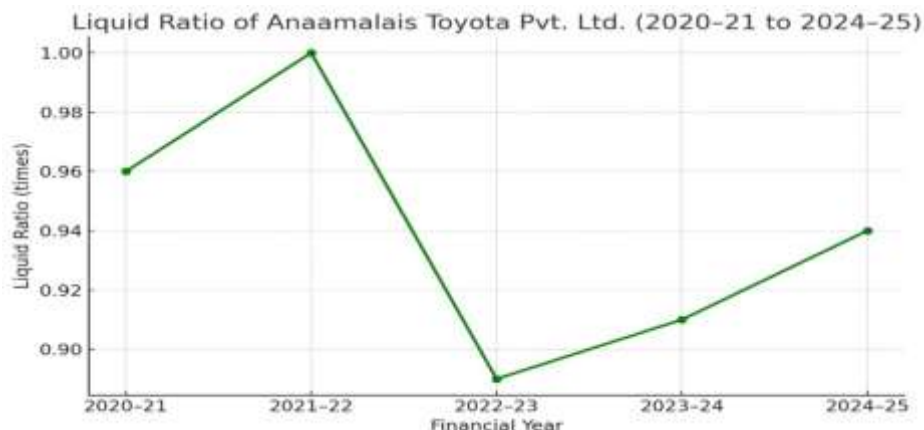


Interpretation: The current ratio has consistently exceeded 1.0 in each of the years examined, indicating satisfactory short-term solvency. After a modest decrease in 2022-23, the level improved

consistently, which reflects improved working capital management.

Liquid Ratio

Year	2020-21	2021-22	2022-23	2023-24	2024-25
Liquid Ratio (times)	0.96	1.00	0.89	0.91	0.94

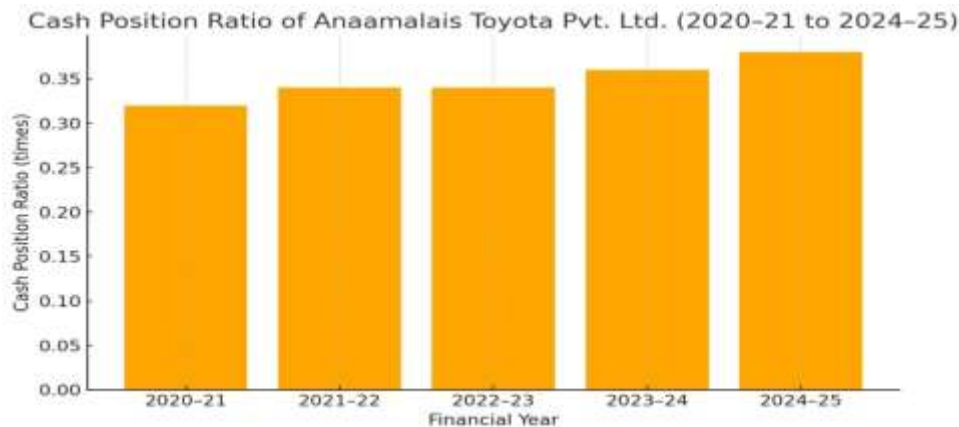


Interpretation: The liquid ratio reached a high of 1.00 in the 2021-22 fiscal year but declined marginally afterward as the result of increased inventories. The modest recovery that occurred in the 2024-25

fiscal year suggests more effective management of cash and receivables.

Cash Position Ratio

Year	2020-21	2021-22	2022-23	2023-24	2024-25
Cash Position Ratio (times)	0.32	0.34	0.34	0.36	0.38



Interpretation: The cash position ratio is consistently rising and demonstrates that liquidity planning is effective and that the company can meet its immediate financial obligations.

Findings

- Share capital and equity base show consistent growth trends throughout the observation period.
- The liquidity ratios indicated stable short-term solvency and efficient cash management practices.
- The profit margins were stable, albeit slightly strained in 2022–23 due to rising operating costs.
- The debt levels remained controlled, indicating that leverage was managed well.
- Cash flow analysis confirmed an efficient operation and disciplined financial practices.

Suggestions

- Keep liquidity ratios greater than the industry average to maintain investor confidence.
- Expand service facilities to new regions beyond Coimbatore to improve accessibility and customer satisfaction.
- Continuously impose cost controls and optimize on-hand inventory to maintain or improve profits.
- Introduce regular financial forecasting and digital monitoring tools for better decision support.

- Invest in digital transformation initiatives to enhance efficiency and real-time financial reporting.

Conclusion

The financial results of Anaamalais Toyota Pvt. Ltd from 2020–21 to 2024–25 show a steady course of improvement, strong liquidity positions, and financially responsible management. The company has continually demonstrated a strong financial position and resilience against competition and the environment. The ratio and cash flow analyses demonstrate the company's effectiveness in terms of short-term solvency and profitable management. The company should continue on the path to long-term success by seeking to expand its service footprint, leverage digital technologies, and balance liquidity and profitability. This type of growth and improvement will reinforce the company's current position in the transforming Indian automobile sector.

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