

# Financial Performance of Toyota Pvt Ltd in India

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## Abstract

This research paper is designed to measure the performance of Toyota Pvt Ltd in terms of profitability, growth and overall financial status. Based on financial information from annual reports, market news and performance measures, the paper assesses the profitability development, income growth and major financial ratios. The results appear to be that its Indian arm achieved spectacular performance in terms of both higher profits and sales growth, aspects which are less predictable for associated financial services. Findings of the study may also be valuable for investors, stakeholders and industry analysts taking signals related to Toyota's financial health in the automotive industry. Despite record-breaking sales volumes, the company's operating income experienced a moderate contraction to ¥4.8 trillion, primarily due to aggressive capital reallocation toward "future-pillar" investments, including next-generation battery EV production and software-defined mobility platforms. Profitability remained healthy with a net margin of approximately 9.9%, supported by favourable foreign exchange fluctuations and effective price revisions across the North American and European markets. In India, the subsidiary Toyota Kirloskar Motor (TKM) achieved its best-ever fiscal performance with a 28% growth in sales, fueled by the popular Innova and Hyryder lineups. As of early 2026, Toyota maintains a resilient balance sheet with a strategic focus on its "Multi-Pathway" electrification approach, balancing high-margin hybrid sales with the heavy R&D expenditure required for long-term competitiveness in the electric vehicle sector.

**Keywords:** Liquidity ratio, solvency ratio, efficiency ratio, return measures, comparative statement analysis, trend analysis, common size analysis.

## Introduction

Financial performance is an essential indicator of a company's overall efficiency, profitability, and long-term sustainability. It shows how effectively an organisation utilises its financial resources to achieve its business objectives while maintaining stability in a competitive environment. Toyota Private Limited, a subsidiary of Toyota Motor Corporation, operates in the highly competitive automobile industry and is widely recognised for its operational efficiency, quality standards, and strong market presence. Evaluating the financial performance of Toyota Pvt. Ltd. provides valuable insight into the company's ability to manage costs, generate consistent profits, and maintain financial stability despite market fluctuations. Such an analysis helps in understanding the effectiveness of managerial decisions, resource utilisation, and the company's readiness to face future economic and industry challenges.

Objectives  
To determine the financial performance of Toyota automobiles for the past five years, 2021-2025.

To evaluate performance using ratio analysis.

## Research methodology

The research is primarily descriptive and analytical as it involves learning how the firm has managed to perform financially throughout the years. It is founded on secondary research done on credible materials: annual reports,

financial statements, company publications and trusted financial websites. Different financial ratios will be used to determine the financial health of the firm, based on liquidity, profitability, solvency, and efficiency. Trend analysis is applied to monitor growth and patterns of change within a given period. Comparisons done on a year-by-year basis can be used to determine whether performance is good or bad. Simple methods such as percentages and averages are used to understand easily. Tables and charts are used to display data in a clear manner. The authentic and confirmed sources are the only sources taken into consideration in order to be accurate. The approach assists in making explicit and significant inferences on the financial performance of Toyota Private Limited.

#### Sources Of Data

##### Secondary Data:

Moneycontrol: For standardised financial ratios and historical share price data.

Company Annual Reports: For detailed notes on accounts and segment-wise performance.

Screener/Trendlyne: For cross-verifying 5-year CAGR and profitability metrics. Types of Ratio

- Liquid Ratio, measures the ability of a business to pay its short term liability by having assets that can be readily converted into cash. These assets are cash, marketable securities and accounts receivable.

- Debt equity Ratio, this ratio reflects the long-term financial position of a firm and is calculated in the form of a relationship between external equities or outsiders' funds and internal equities or

- shareholders' fund. The debt equity ratio may also be called the 'ratio long-term debt to shareholders' funds'.

- Proprietary ratio: This ratio indicates the relationship between proprietors' funds and total assets. Greater is the proprietor's funds better the position of the creditor.

- Profitability ratio is used to evaluate the company's ability to generate income as compared to its expenses and other costs associated with the generation of income during a particular period. This ratio represents the final result of the company.

- Gross Profit Ratio: This ratio measures the marginal profit of the company. This ratio is also used to measure the segment revenue. A high ratio represents a greater profit margin, and it's good for the company.

- Return on equity: This ratio measures the profitability of equity funds invested in the company. It also measures how profitably the owner's funds have been utilised to generate the company's revenues. A high ratio represents how well the company is.

- Return on capital employed, Return on capital employed (ROCE) is a financial ratio that can be used in assessing a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use.

- Operating profit ratio, Operating profit ratio establishes a relationship between operating Profit earned and net revenue generated from operations (net sales). Operating profit ratio is a type of profitability ratio that is expressed as a percentage.

## **Review Of Literature**

**1•ABDU RAHMAN(2020):** Toyota Motor Corporation in the automobile industry. It explains the importance of sales, profit, and working capital simply and understandably. The background of the Indian automobile sector is well described, helping readers understand the context of the study. The use of five years of financial data makes the analysis more meaningful and reliable. The study clearly shows that Toyota performs better in terms of profitability and working capital management. Tables and charts are used effectively to support the findings and make the results easy to follow. The discussion connects financial performance with cost efficiency and management practices. The suggestions given for improving Tata Motors' financial position are realistic and useful. However, including more recent data could have strengthened the study further. Overall, the content is easy to read, informative, and helpful for students and researchers.

**2•GAGANA(2019):** Financial performance analysis in a simple way and clearly differentiates between internal and external analysis. The company profile and industry background help the reader understand Toyota's growth and strong position in the automobile sector. Historical details are included smoothly and add value to the overall study. The objectives are practical and closely linked to real business activities such as profitability, productivity, and customer satisfaction. The use of financial statements is relevant and appropriate for decision-making analysis. The content flows logically from one section to the next. The language is mostly simple and suitable for an academic project. A few updates in data and minor language refinements could improve clarity. Overall, the project shows good effort, understanding, and practical relevance.

**3•SURANJAN BHATTACHERYAY(2023):** Factors such as globalisation, currency changes, and different government regulations affect day-to-day financial decisions. The content balances theory with real financial data from Toyota, which makes the discussion more meaningful and easier to relate to. The use of tools like ratio analysis and regression adds credibility to the findings without making the paper too complex. The sections on cash flow management and exchange rate risk are especially relevant for understanding multinational operations. The research method is well planned, with clear objectives and variables. However, the heavy dependence on secondary data slightly limits deeper internal insights. The explanations are logical and easy to follow. The conclusions connect well with the study's aims. Overall, the paper is readable, informative, and useful for students and researchers interested in multinational financial management.

**4•DR.P.R.KARTHIKEYAN(2025):** The content offers a clear and easy-to-understand analysis of the financial performance of Toyota Agency Pvt. Ltd. It explains the purpose of the study simply and uses suitable financial tools to evaluate the company's performance. The inclusion of five years of financial data makes the study more dependable and meaningful. The review of literature connects well with the topic and shows a good understanding of previous research. The methodology is straightforward and appropriate for analysing financial health. Data is presented clearly through tables, making interpretation easier. The study also discusses real business issues such as liquidity management and service accessibility. Practical and realistic suggestions are provided for improving performance. Overall, the content feels balanced, informative, and relevant. It is useful for students, researchers, and managers who want a practical view of financial performance analysis.

**5•Mathew(2011):** Researchers explain that the Toyota Production System focuses on reducing waste, improving quality, and achieving continuous improvement in operations. Many authors highlight tools such as Just-in-Time, Kaizen, and Jidoka as key contributors to Toyota's strong operational performance. Literature also emphasises the importance of employee participation, teamwork, and standardised processes in sustaining productivity. Several studies note that Toyota's financial strength is supported by effective cost control and efficient resource management. However, research related to Toyota's operations in India points out challenges



RS.CR

Year	Shareholders Fund	Total Assets	Proprietary Ratio
2021	28.42	211.95	0.13
2022	29.02	137.65	0.21
2023	29.13	123.49	0.23
2024	31.46	191.84	0.16
2025	31.21	198.76	0.15

Interpretation

Although the proprietary ratio has improved between \$0.13\$ in 2021 and a high of \$0.23\$ in 2023, there is still a high degree of dependency on external debt financing as the total assets increase, which is not sufficient to cushion the business against the downturns that could occur during asset depreciation. With that said, the consistently low values indicate that the company has a leveraged financial structure, meaning that much of the total assets are not financed with equity but remain heavily reliant on outside lenders.

Return on equity=Profit after tax & interest/ Share capital and Reserve. RS.CR

Year	Profit after Tax & Interest	Share capital + Reserve and surplus	Return on Equity
2021	0.44	28.42	0.015
2022	0.60	29.02	0.02
2023	0.14	29.13	0.48
2024	2.19	31.46	0.06
2025	0.58	31.21	0.01

Interpretation

The company's Return on Equity (ROE) shows a highly volatile performance, peaking significantly at 0.48 in 2023 despite a relatively low profit figure. This surge suggests an exceptionally efficient use of equity in that specific year, though the ratio plummeted to 0.06 in 2024 and further to 0.01 in 2025. The low ROE in the final year indicates that the company is currently struggling to generate substantial returns for its shareholders relative to the capital invested. Overall, the inconsistent trend reflects an unstable earnings profile, highlighting the need for better operational efficiency to provide a steady and attractive return to investors.

Return on capital Employed= Net profit before interest and tax / Capital employed  
RS.CR

Year	Net Profit Before Interest and Tax	Capital Employed	Return on Capital Employed
2021	19.66	25.97	0.75
2022	16.78	26.11	0.64

**Interpretation**

The on	2023	9.94	27.26	0.36	Return Capital
	2024	14.72	32.06	0.45	
	2025	16.66	34.57	0.48	

Employed (ROCE) of the company shows a falling trend in efficiency of the first three years, with a high of 0.75 in 2021 and a low of 0.36 in 2023. This decrease is a sign that the company was experiencing a certain time frame in which its operating profits were failing to match the rising capital that was being injected into the business. There was, however, a positive recovery in 2024 and 2025, where the ratio increased to 0.48, which implies that the firm is beginning to make more out of its total capital base. On the whole, the current ROCE is lower than in 2021, but the recent increase trend indicates a better use of the operational productivity and more efficient usage of debt and equity.

Gross Profit Ratio= Gross Profit / Net sales  
RS.CR

Year	Gross Profit	Net Sales	Gross Profit Ratio
2021	14.02	186.49	0.18
2022	12.12	1420.35	0.15
2023	8.12	248.83	0.15
2024	28.59	85.96	0.16
2025	23.59	75.03	0.18

**Interpretation**

The company's Gross Profit Ratio remained relatively stable between 0.15 and 0.18, reflecting consistent control over production costs despite massive swings in sales volume. A significant anomaly occurred in 2022 and 2023, where net sales reached a massive peak of 1420.35 before dropping, yet the ratio held steady at 0.15, suggesting that the cost of goods sold scaled proportionally with revenue. The recovery to 0.18 in 2025 matches the 2021 high, indicating that the firm has successfully maintained its core pricing power and manufacturing efficiency even as the scale of operations fluctuated. Overall, the narrow range of this ratio demonstrates a robust and predictable gross margin, which provides a reliable foundation for covering the company's operating and non-operating expenses.

Operating Profit Ratio=Operating Profit / Net sales.  
RS.CR

Year	Operating Profit	Net Sales	Operating Profit Ratio
2021	19.66	186.49	0.10
2022	16.78	1420.35	0.11
2023	9.94	248.83	0.03
2024	14.58	85.96	0.16
2025	13.33	75.03	0.17

**Interpretation**

The Operating Profit Ratio indicates that the core operating efficiency of the company has significantly increased during the five years, and the values have increased from 0.10 in the year 2021 to 0.17 in the year 2025. The sharp dip to the value of 0.03 in 2023 is a large outlier, even when it is a high revenue year, and this indicates that operating costs (such as administration and distribution) were disproportionately high in that year period.

Nonetheless, the jump to 0.16 in 2024 as well as in 2025 indicates effective cost-restructuring since the company made more operating profits despite reducing net sales volume. On the whole, the ratio in the last year shows that the company has become significantly leaner and more efficient than at the beginning of the period in converting the core business activities into profits.

## **Conclusion**

The analysis shows that Toyota Pvt. Ltd. remained financially stable over the period from 2021 to 2025, even though it faced ups and downs in liquidity and profitability. While the company depended more on borrowed funds, it managed to improve its operating efficiency through better cost control in recent years. Liquidity pressures seen in the middle years eased by 2025, indicating stronger short-term financial management. Profitability ratios suggest that the company is gradually using its capital more effectively after earlier declines. Overall, Toyota Pvt. Ltd. continues to be financially strong, with good prospects for future growth if it improves its capital structure.

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