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Cash and Credit Invoicing, Receivables and Working Capital in an Automobile Dealership: Evidence from MAI Hyundai

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ABSTRACT

Finance and accounting operations in automobile dealerships are shaped by high-value transactions, large inventories and a constant mix of cash and credit sales. This paper reports a descriptive and exploratory study of the finance and accounting function at MAI Hyundai (Mohan Auto Industries Pvt. Ltd., Kolhapur), conducted through an 11-week on-the-job training from 15 May to 31 July 2026. The study examines how cash invoicing, credit invoicing and balance sheet concepts connect to liquidity, trade receivables and working capital. Using first-hand observation and a weekly analytical dataset covering 272 vehicle transactions (₹25.90 crore) and 1,161 service orders (₹1.876 crore), the paper finds that (i) vehicle sales rose 72.2% and service orders 54.9% between the first and last observed week; (ii) closing receivables fell from ₹48 lakh to ₹29 lakh (a 39.6% reduction) while collections kept pace with billing in every month after May; (iii) three models (Creta, Venue, Exter) account for 58.5% of vehicle transactions; (iv) general service and periodic maintenance make up 61.2% of workshop activity; and (v) weighted first-pass record accuracy was 97.25%, with credit cases the weakest category (95.35%). The paper concludes that receivables discipline, invoice accuracy and daily reconciliation are the main levers of working-capital health in a dealership, and proposes a dashboard-based, ageing-driven monitoring framework.

Keywords: automobile dealership; cash invoicing; credit invoicing; trade receivables; working capital; balance sheet analysis; internal control; India

1. Introduction

Every business transaction eventually has a financial consequence, which makes accurate accounting central to understanding an organisation's health. Automobile dealerships are a particularly instructive setting. They combine high-value vehicle sales, spare-parts and service revenue, customer finance and insurance support, taxation, banking transactions and sizeable inventory. In such a business, an invoice is more than a sales document: it affects revenue, cash, receivables, tax and financial reporting simultaneously.

The Indian passenger-vehicle market provides a strong demand backdrop. The Society of Indian Automobile Manufacturers (SIAM) reported domestic passenger-vehicle sales of 43,01,848 units in FY 2024–25, rising 7.9% to 46,43,439 units in FY 2025–26, a record year (SIAM, 2026). Dealerships are the final operating link between manufacturers and customers, so the efficiency of their finance function affects both their own liquidity and the manufacturer's retail reach.

This paper studies one such dealership, MAI Hyundai, which operates under Mohan Auto Industries Pvt. Ltd. and states that it is the first Hyundai dealership in Western Maharashtra, with nine showrooms and eleven workshops/bodyshops across Kolhapur, Sangli, Ratnagiri and Sindhudurg districts. The study focuses on three areas observed during the training: balance sheet analysis, cash invoicing and credit invoicing.

1.1Objectives

1. To understand the structure and financial significance of the balance sheet.
2. To study cash invoicing and its impact on financial records and liquidity.
3. To analyse credit invoicing and its relationship with trade receivables and working capital.
4. To identify challenges in finance and accounting operations and suggest practical improvements.

1.2Contribution

The study adds a short-duration, first-hand, dealership-level view of how daily invoicing and collection practice relates to receivables and working capital, a combination that existing literature rarely treats together (see Section 2.4).

2. Literature Review

2.1 Financial statements and balance sheet analysis

Khan and Jain (2011) describe financial statements as a summarised view of a firm's position and operating results, and an important aid to financial analysis. Project-based studies, such as analyses of divisions of listed firms, commonly apply ratio analysis, comparative balance sheets, common-size statements and trend analysis, and conclude that multi-period comparison is more informative than a single-year reading of raw figures. Case studies of balance sheet review further show that the balance sheet is a diagnostic tool for management decisions rather than merely a compliance exercise.

2.2 Cash versus credit sales

Credit sales are close to unavoidable in modern business; the essential difference between cash and credit sales is the time gap between the sale and the receipt of cash. Weygandt, Kieso and Kell (2005) define trade receivables as amounts owed by customers for goods or services sold on credit, normally collected within thirty to sixty days. Cash invoicing therefore implies immediate settlement, while credit invoicing creates a receivable that remains on the balance sheet until collected.

2.3 Receivables management

Brockington (1993) argues that extending receivables carries an opportunity cost, because liberal credit standards that attract new customers tend to produce slower collection. Kakuru (2000) notes that a liberal credit policy can raise costs if unmanaged, whereas an overly stringent policy is cheaper to administer but risks slowing sales.

Broader reviews of trade-credit research find that receivables management is vital to liquidity, profitability and value, but that there is little consensus on how to structure credit policy, billing and collection. Studies of Indian automobile firms, including Garg and Meentu (2022), report that working-capital components, including the receivables collection period, are significantly related to profitability. Singh and Mishra (2021) add that credit sales build a personal link between sales staff and customers that can make deferral of payment harder, tying receivables practice to sales performance.

2.4 Research gap

Most available studies use multi-year secondary data on large listed manufacturing or banking firms, or treat receivables in isolation from balance sheet health. Few internship-based or dealership-level studies examine cash invoicing, credit invoicing and balance sheet position together for a single dealership using first-hand observation. This paper addresses that gap.

3. Sector and Organisational Context

3.1 Sector

Passenger vehicles form a large consumer-facing segment of Indian manufacturing, and competition is intense across hatchbacks, sedans, utility vehicles and electric vehicles. Using Porter's (1985) framework, rivalry is high, buyer power moderate to high (customers compare prices, offers and finance rates online), supplier power moderate (dealers depend on the OEM for vehicles, parts and standards), threat of new dealership entrants moderate to low (capital, infrastructure and OEM approval are required) and threat of substitutes moderate (used cars, two-wheelers, leasing, ride-hailing). Demand drivers

cited by SIAM for FY 2025–26 include improved affordability, GST-related changes and lower financing costs. Hyundai Motor India reported 7,75,031 units sold in FY 2025–26 (5,84,906 domestic and 1,90,125 exports); these are manufacturer-level figures and are not dealership figures.

3.2 The dealership and its fiinance fiunction

MAI Hyundai earns revenue from new-vehicle sales and after-sales activities (servicing, repairs, spare parts and bodyshop work), supported by CRM, finance and insurance services. The Finance & Accounts department acts as a control function connected to sales, service, parts and administration, handling invoice processing, revenue recording, cash management, receivables, payables, bank transactions, reconciliation, tax documentation and reporting. The dealership's balance sheet is dominated by current assets (inventory, trade receivables, cash and bank balances, advances) and current liabilities (trade payables, outstanding expenses, statutory dues), plus fixed assets such as showroom and workshop infrastructure. The relationship between these components determines liquidity and working capital. Principal financial challenges are funds tied up in inventory and receivables, credit exposure, liquidity, cost control and regular reconciliation.

4. Methodology

4.1 Design

The study is descriptive and exploratory. The descriptive element documents finance and accounting processes observed during the training; the exploratory element examines how theoretical concepts operate in a real dealership. The study is primarily qualitative and process-oriented, supported by quantitative analysis of the data permitted for academic use.

4.2 Data

Primary information came from direct observation of finance activities, interaction with employees and exposure to assigned tasks during 15 May to 31 July 2026. Secondary sources included the company's website, Hyundai Motor India reports, SIAM publications, academic journals, textbooks and industry reports. The quantitative dataset comprises eleven weekly observations of vehicle sales and value, service orders and value, receivables, inventory and lead conversion, together with a sample of record-accuracy checks. All figures are in ₹ lakh unless stated (₹100 lakh = ₹1 crore).

4.3 Analytical approach

Balance sheet analysis was framed through horizontal analysis (percentage change between periods), vertical analysis (items as a percentage of a common base) and ratio analysis (liquidity and turnover). Cash and credit invoicing were studied by following a transaction from customer and transaction details through invoice preparation, tax calculation, payment or credit terms, verification, recording and collection tracking. Data were analysed using Microsoft Excel through percentage, comparative and trend analysis.

4.4 Ethics

Customer information, internal financial information and transaction-level data were kept confidential, and the report uses only information permitted for academic use.

5. Results

5.1 Overall activity

The dataset records 272 vehicle transactions worth ₹2,590 lakh (₹25.90 crore) and 1,161 service orders worth ₹187.6 lakh (₹1.876 crore), a combined observed billing of ₹2,777.6 lakh (₹27.776 crore). Average weekly vehicle sales were 24.73 units and average weekly service orders were 105.55.

5.2 Weekly trends

Table 1. Weekly observations

Week	Vehicle sales (units)	Service orders	Closing receivables (₹ lakh)	Lead conversion
1	18	82	42.0	23%
2	20	91	39.0	24%
3	22	96	41.0	25%
4	21	94	38.0	24%
5	24	101	36.0	26%
6	25	108	35.0	27%
7	27	112	33.0	28%
8	26	109	34.0	27%
9	28	118	32.0	29%
10	30	123	31.0	30%
11	31	127	29.0	31%

Vehicle sales rose from 18 to 31 units (+13 units, +72.2%) and service orders from 82 to 127

(+45 orders, +54.9%). Lead-to-booking conversion improved from 23% to 31%, a gain of 8 percentage points. The path is not perfectly linear, as expected in retail, where bookings and deliveries depend on customer timing, model availability, finance approval and registration.

5.3 Billing, collections and receivables

Table 2. Monthly finance and operations summary (₹ lakh)

Period	Vehicle units	Vehicle billing	Service orders	Service billing	Total billing	Opening receivables	Collections	Closing receivables
15–31 May 2026	60	570.0	269	43.4	613.4	48.0	598.4	63.0
June 2026	89	934.0	415	69.4	1,003.4	63.0	1,023.4	43.0
July 2026	123	1,086.0	477	74.8	1,160.8	43.0	1,174.8	29.0

Total billing rose from ₹613.4 lakh in the partial May period to ₹1,160.8 lakh in July, the highest month observed. Collections trailed billing in May, so receivables rose from ₹48 lakh to ₹63 lakh. In June and July collections exceeded billing, and receivables fell to ₹43 lakh and then ₹29 lakh. Over the whole period receivables declined by ₹19 lakh, a 39.6% reduction from the opening balance, even though monthly billing nearly doubled.

5.4 Vehicle model mix

Table 3. Vehicle model mix (n = 272)

Model	Units	Share
Creta	62	22.8%
Venue	54	19.9%
Exter	43	15.8%
i20	31	11.4%
Verna	20	7.4%
Alcazar	17	6.2%
Aura	15	5.5%
Grand i10 NIOS	14	5.1%
Creta Electric	8	2.9%
Tucson	8	2.9%

Creta, Venue and Exter together account for 159 units (58.5%) of observed vehicle transactions, indicating concentrated demand in utility-vehicle models. Creta Electric, the only EV in the mix, contributed 2.9%.

5.5 Service order mix

Table 4. Service order mix (n = 1,161)

Category	Orders	Share
General service	412	35.5%
Periodic maintenance	298	25.7%
Mechanical repair	198	17.1%
AC/Electrical	132	11.4%
Body & paint	74	6.4%
Other jobs	47	4.0%

General service and periodic maintenance together represent 61.2% of workshop orders, so planned, predictable work is the core of after-sales activity.

5.6 Record accuracy

Table 5. First-pass accuracy of reviewed records

Activity	Records reviewed	First-pass correct	Accuracy
Sales invoices checked	272	264	97.06%
Receipt entries checked	365	357	97.81%
Credit cases reviewed	43	41	95.35%
Bank reconciliation cycles	11	11	100.00%
Daily sales reports	78	76	97.44%
Service billing records	1,161	1,128	97.16%

Weighted first-pass accuracy (total correct ÷ total reviewed) is 1,877 ÷ 1,930 = 97.25%. Credit cases had the lowest accuracy at 95.35%, while bank reconciliation cycles were error-free.

6. Discussion

Cash and credit invoicing have different financial profiles. A cash invoice converts a sale into liquidity immediately and carries little collection risk, so the main control requirement is accuracy of invoice value, tax and payment details. A credit invoice recognises revenue but creates a trade receivable that stays on the balance sheet, and potentially blocks funds, until collected. This is consistent with the definition of receivables in Weygandt et al. (2005) and the opportunity-cost argument of Brockington (1993).

Receivables discipline coincided with stronger liquidity. The observed fall in receivables alongside rising billing suggests that collections were managed actively. This is in line with findings from Indian automobile firms that working-capital efficiency, including the collection period, relates to profitability (Garg & Meentu, 2022). The study design cannot establish that any specific follow-up practice caused the improvement; it shows association, not causation.

Credit cases are the weakest control point. The lowest first-pass accuracy was in credit cases (95.35%), the very transactions that create receivables. Errors here propagate into ledger differences, delayed collections and customer follow-up, so credit documentation deserves priority in control design. Although the sample is small (43 cases), the direction is consistent with the literature's emphasis on structured billing and collection practice.

Operations and finance are linked. Rising conversion (23% to 31%) and sales volume increase invoice volume and receivable exposure, while concentrated model demand (58.5% in three models) and a service workload dominated by planned maintenance

(61.2%) make revenue and cash flow relatively predictable. Finance information therefore supports inventory planning, workshop capacity planning and customer retention, not only record-keeping.

Balance sheet perspective. The dealership's working-capital position depends on inventory, receivables, cash and short-term obligations. Interpretation was conceptual: the study identified the components and ratios that matter (current ratio, quick ratio, receivables turnover, average collection period) but did not compute them, because complete internal balance sheets were not available for academic use.

7. Recommendations

1. **Daily finance-and-operations dashboard** covering sales, billing, collections, receivables, service orders and billing, inventory and lead conversion, built in Excel or a digital MIS.
2. **Ageing-based receivables follow-up** with named responsibility for each outstanding account and a fixed review frequency for overdue balances.
3. **Invoice and document checklist** before posting, covering customer, vehicle, tax, payment and supporting documents, with extra attention to credit cases.
4. **Daily reconciliation** of invoices, receipts, bank entries and customer ledgers before differences accumulate.
5. **Model- and variant-level inventory monitoring** against sales and enquiry trends, prioritising high-demand models without building excess stock.
6. **Service capacity planning** using order trends for technicians, appointments and spare parts, especially for general and periodic service.
7. **Lead-funnel tracking** of enquiries, test drives, quotations, bookings and deliveries to locate where leads are lost.
8. **Weekly sales–service–finance review** of pending documents, delayed collections, vehicle availability and delivery commitments.
9. **Turnaround-time standards** for invoice generation, payment confirmation, delivery documentation and service billing.
10. **Excel and data-analysis training** for finance and operations staff to automate recurring reports.
11. **Post-sale and post-service customer follow-up** to strengthen retention and repeat service.

8. Limitations and Future Research

The training was short and limited to assigned finance and accounting tasks, and some activities were observed rather than performed independently. Access to confidential financial information was restricted, so profitability analysis and computation of balance sheet ratios were not possible, and the study is not an audit of MAI Hyundai's accounts. The quantitative dataset is a single-dealership, eleven-week series; trend statements describe association within this window and cannot be generalised to other dealerships or seasons, and the record-accuracy sample, particularly for credit cases, is small. Future work should use a year-long internal KPI dataset (monthly sales, gross contribution, receivables, inventory days, service retention, workshop utilisation and customer satisfaction) to examine seasonality, compute liquidity and turnover ratios, and test the receivables–profitability relationship statistically across several dealerships.

9. Conclusion

This study shows how routine finance and accounting work at an automobile dealership translates into liquidity, receivables and working-capital outcomes. Cash invoicing supports immediate liquidity; credit invoicing creates receivables that need systematic monitoring; and balance sheet analysis is most meaningful when linked to actual sales, collections, inventory and liabilities. During the observation period, billing nearly doubled month over month from the partial May period to July while receivables fell by 39.6%, and weighted record accuracy was 97.25%, with credit documentation as the main area for improvement. The paper recommends a dashboard-driven, ageing-based and reconciliation-focused control framework to strengthen financial visibility and cash-flow management, and positions dealership-level, multi-period KPI research as the next step.

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