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FINANCIAL PERFORMANCE ANALYSIS OF A SELECTED BIOTECHNOLOGY MANUFACTURING COMPANY

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ABSTRACT

This study analyzes the financial performance of selected biotechnology manufacturing company for a five–year period from 2020–2021 to 2024–2025 using secondary data from financial statements. The study uses various analytical tools such as ratio analysis, comparative financial statements, common-size analysis, trend analysis, and DuPont analysis to evaluate liquidity, profitability, solvency, and efficiency.

The findings indicate a stable liquidity position and fluctuations in profitability due to increasing employee benefit expenses and other operating costs, leading to a decline in net profit margins. The DuPont analysis indicates that return on equity is primarily influenced by operational efficiency rather than financial leverage.

The study concludes that the company demonstrates overall financial stability. Improving cost efficiency and effective utilization of assets are essential for sustaining long-term growth and profitability.

KEYWORDS: *Financial Performance, Ratio Analysis, DuPont Analysis, Liquidity, Profitability.*

1. INTRODUCTION

Financial performance plays a crucial role in evaluating a company's liquidity, profitability, solvency, and efficiency. The study aims to analyze financial performance and identify the factors affecting profitability and efficiency for long-term sustainability.

The Biotechnology manufacturing industry is characterized by high capital investment and technology complexity. It represents an expanding sector in healthcare advancement, research, and technological innovation, requiring efficient resource utilization for effective financial performance assessment.

This study focuses on analyzing the financial performance of a selected biotechnology manufacturing company for five years from 2020-2021 to 2024-2025 using various financial analysis techniques.

2. REVIEW OF LITERATURE

1. **Hamsyah, Latif, and Dewi (2023)** examined a study at Tirta Dharma PDAM Cooperative's finances in Samarinda from 2016 to 2018 using ratio and trend analysis. They analyzed liquidity, solvency, profitability Ratios, and found that the cooperative had excellent liquidity, solvency, and profitability, but weak receivables turnover, indicating inefficient assets and operations management.
2. **Nasution and Yusleny (2023)** analyzed the financial performance of PT Sanobar Gunajaya from 2016 to 2020 using descriptive profitability and liquidity ratio analysis. Their study focused on these two aspects, showing the ratios were generally in a good condition; they had experienced fluctuations and, in some cases, decline over time.
3. **Rajashekar and Ashwini (2023)** evaluated the financial performance of Bize Xpress Advisors Private Limited using ratio, trend and benchmark analysis of its financial statements; the study focused on profitability, liquidity, solvency and efficiency and found that the analysis examined the company's financial health and highlighted both strengths and areas needing development.
4. **Sathish and Praveena (2023)** analyzed the financial performance of a manufacturing industry using comprehensive ratio and trend analysis of financial statements; the study focused on profitability, liquidity, financial planning and control and found that ratio-based diagnosis helps to assess financial position and suggest measures to maximize profit and improve trends
5. **Nisa, Muttalib and Salam (2024)** studied the financial performance of PT Putra Mekatama's Works in Gowa during 2018–2022 using financial ratio analysis of efficiency, cost and profitability measures; the study focused

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on cost efficiency and profit margins and found low operating, sales and financial cost ratios alongside modest gross and net profit margins indicating specific efficiency and profitability levels .

6. **Fadhillah, I., , N., Rohmah, L., Haryadi, D., & Wahyudi, W. (2024)** examined the financial performance of PT Unilever Indonesia Tbk during 2019–2023 using profitability ratio analysis with descriptive and quantitative interpretation; the study focused on profitability assessments are essential for illustrating performance trends and supports decision-making within the FMCG sector.

The previous studies analyzed financial performance using ratio analysis across various sectors such as manufacturing, banking, and pharmaceuticals. However, there is limited research available on biotechnology manufacturing companies that use a combination of financial techniques. This study addresses that gap by providing five years to evaluate financial analysis.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study adopts descriptive and analytical research designs to evaluate the financial performance of a selected biotechnology manufacturing company.

3.2 Data collection and period

The analysis is based on secondary data sourced from audited annual reports (Balance Sheet and Profit and Loss statements). The study covers five years from 2020-2021 to 2024-2025.

3.3 Analytical Tools

To evaluate liquidity, profitability, solvency, and efficiency, the following tools were used.

- Ratio Analysis - For financial health assessment
- Common-Size & Trend Analysis - To identify changes in financial performance.
- DuPont Analysis - Represents Return on Equity (ROE)

3.4 Data presentation

Findings are organized systematically using tables and charts with clear interpretation and meaningful analysis of the results.

4. RESULTS AND DISCUSSIONS

4.1 Ratio Analysis

Table 4.1 Financial Ratios

Year	Current Ratio	Liquidity Ratio	Net Profit Ratio (%)	Return on Equity Ratio (%)	Debt Equity Ratio	Trade Receivable Turnover Ratio
2020-2021	2.10	1.71	10.59	21.54	0.13	2.39
2021-2022	2.11	1.66	8.87	17.40	0.07	3.39
2022-2023	1.74	1.45	12.62	24.83	0.05	4.66
2023-2024	1.82	1.54	11.38	20.27	0.04	4.00
2024-2025	1.78	1.48	6.78	9.43	0.03	5.78

Interpretation

The financial ratio analysis shows a stable liquidity position by consistently maintaining current and liquidity ratio. However, Profitability indicates a declining trend with decreasing net profit (6.78%) and return on equity (9.43%). This decline suggests reduced operational efficiency and increased cost pressure, despite the fact that the company is able to meet its short-term obligations.

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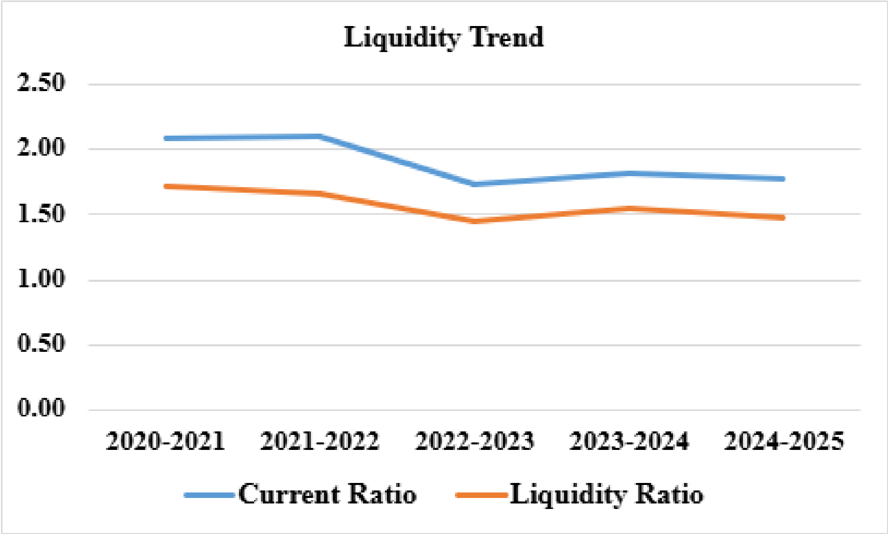

Figure 4.1 Liquidity Trend

The Liquidity trend shows a decline in current ratio and liquidity ratio during the period 2024-2025. However, the company maintained an adequate liquidity position.

4.2 Financial Performance Summary

Table 4.2 Summary of Financial Performance

Year	Revenue (₹ Cr)	Total Assets (₹ Cr)	Net Profit (₹ Cr)
2020-2021	7.04	6.28	0.75
2021-2022	8.23	6.97	0.73
2022-2023	10.98	10.03	1.39
2023-2024	12.46	12.49	1.42
2024-2025	10.75	13.09	0.73

Interpretation

The financial performance analysis indicates an increase in revenue from 2020-2021 to 2023-2024, followed by a decline in 2024-2025. Net profit also shows fluctuations with a reduction in the final year. However, declining profitability indicates that asset utilization has not been fully effective.

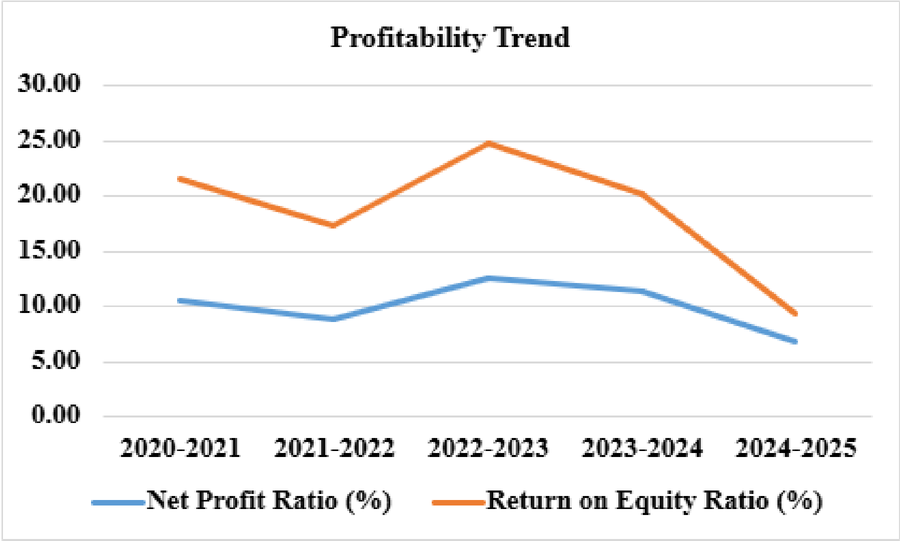

Figure 4.2 Profitability Trend

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The profitability trend shows a downward movement in net profit and returns on equity ratios during the period 2024-2025, reflecting reduced operational performance.

4.3 Common -Size Income Statement

Table 4.3 Common -Size Income Statement Summary

Year	Employee Benefit Expenses (%)	Other Expenses (%)	Total Expenses (%)	Net Profit (%)
2020-2021	34.83	25.67	86.70	10.59
2021-2022	39.75	22.04	87.79	8.87
2022-2023	32.45	25.81	83.27	12.62
2023-2024	33.49	28.07	85.84	11.38
2024-2025	40.03	28.29	93.26	6.78

Interpretation

The Common-Size Income Statement shows a significant increase in total expenses from 86.70% to 93.26% due to raising employee benefits expenses and other operating costs. This analysis shows that net profit margin declined to 6.78% in 2024-2025, indicating reduced cost efficiency and need for better expense management.

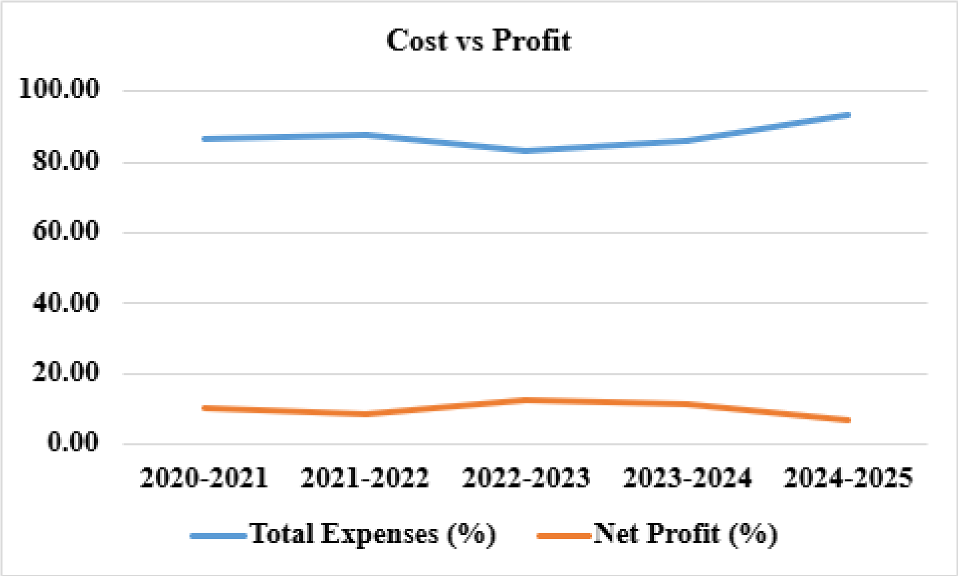

Figure 4.3 Cost vs Profit

This analysis indicates that increasing operational costs have impacted reduced net profit margins, highlighting the need for effective cost control strategies.

4.4 DuPont Analysis

Table 4.4 DuPont Analysis

Year	Net Profit Margin	Asset Turnover	Financial Leverage	ROE (%)
2020-2021	10.59	1.12	1.81	21.54
2021-2022	8.87	1.18	1.66	17.40
2022-2023	12.62	1.09	1.80	24.83
2023-2024	11.38	1.00	1.79	20.27
2024-2025	6.78	0.82	1.69	9.43

Interpretations : The DuPont analysis indicates a decline in Return on Equity to 9.43% for the period 2024-2025. It reflects a decline in net profit margin and asset turnover, while financial leverage remained stable. This finding suggests that the decline in overall financial performance is driven by operational efficiency, rather than a change in capital structure.

5. CONCLUSION

The study concludes that the selected biotechnology manufacturing company maintains a satisfactory liquidity position, ensuring its ability to meet short-term obligations. However, the analysis reveals a decline in profitability due to increased employee benefits and other operating costs.

DuPont analysis shows a decline in Return on Equity due to reduced net profit margin and asset turnover, while financial leverage remained stable. This indicates that operational efficiency, rather than capital structure, is the key factor influencing the company's financial performance.

Although the company demonstrates growth in total assets, the findings suggest that asset utilization has not been fully effective in generating profitability returns. Therefore, the company should focus on improving cost control measures, enhancing operational efficiency, and optimizing asset utilization to achieve sustainable long-term financial performance.

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