Financial Performance Analysis and Working Capital Management in Veterinary Pharmaceutical Trading

A Case Study of Al Noor Veterinary Medicines Trading LLC

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Importance of Financial Performance Analysis in Veterinary B2B

- Informs procurement, pricing, and logistics decisions.
- Ensures sustainability in regulated, credit-based operations.
- Supports strategic planning and competitive benchmarking.
- Essential for evaluating liquidity and profitability.

Introduction

- Veterinary pharma in UAE is growing rapidly
- Focus: Al Noor Veterinary Medicines Trading LLC
- Objective: Study financial performance & working capital
- Duration: 10th March 2025 – 31st May 2025
- Key Issue: Inventory turnover and CCC inefficiencies

Research Objectives

Analyze financial performance (profitability, liquidity, etc.)

Assess working capital management

Compare with industry benchmarks

Provide strategic recommendations

Literature Review Highlights

- Ratio analysis crucial for financial health (Kumar & Sharma, 2019)
- CCC = DSO + DIO – DPO (Deloof, 2018)
- ERP improves working capital metrics (Taylor & Anderson, 2021)
- Regulatory compliance ~3.2% of revenue (O’Connor & Smith, 2020)

Scope of the Study

Entity: Al Noor Veterinary Medicines Trading LLC (2023–2025).

Region: UAE veterinary pharmaceutical distribution sector.

Focus: Liquidity, profitability, efficiency, leverage, CCC.

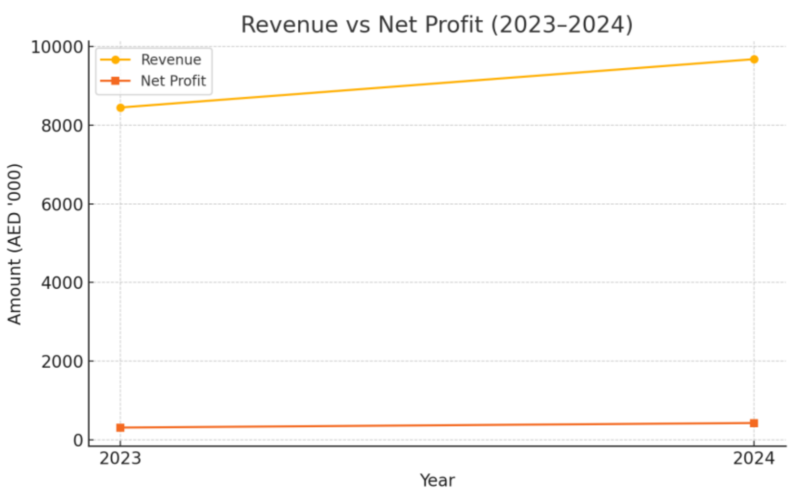
Limitation: 2-year analysis, single-case study approach.

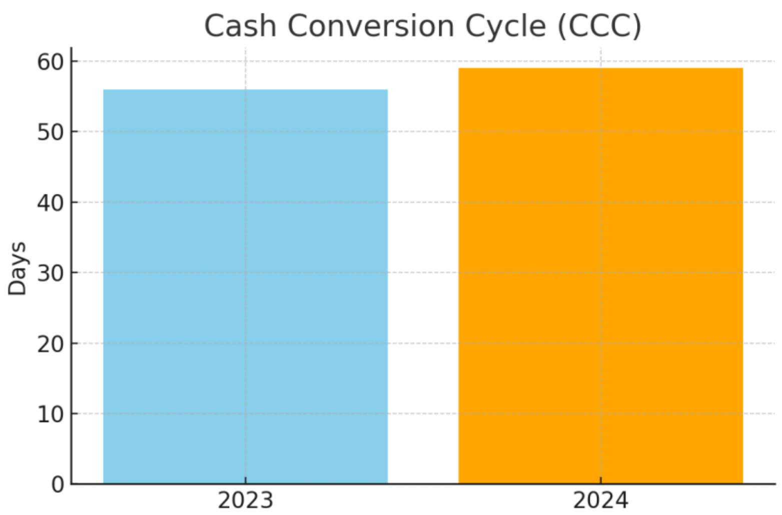
Research Methodology

- Case study design
- Primary: Interviews
- Secondary: Financial reports
- Tools: Ratio analysis, trend analysis, benchmarking
- Tools Used: Excel, SPSS, SWOT

Key Findings

- Revenue growth: +14.56%
- Net profit: +37.18%
- Cash Ratio: 0.48 (↑ from 0.34)
- DIO: 68 days (industry: 59)
- CCC increased slightly to 59 days


Revenue vs Net Profit (2023–2024)
Revenue
Net Profit
Amount (AED '000)
10000
8000
6000
4000
2000
0
2023
2024
Year


Cash Conversion Cycle (CCC)
Days
60
50
40
30
20
10
0
2023
2024

Quantitative Findings

REVENUE GREW 14.56% YOY; NET PROFIT MARGIN ROSE TO 4.42%.

CURRENT RATIO IMPROVED TO 2.12; CCC INCREASED TO 59 DAYS.

INVENTORY TURNOVER HELD AT 5.33; LIQUIDITY REMAINED STRONG.

ABOVE-INDUSTRY PERFORMANCE IN RECEIVABLES MANAGEMENT.

Qualitative Insights

Manual inventory processes reduce efficiency.

Absence of formal credit scoring hampers collections.

Limited ERP integration in receivables & inventory.

Strong cross-departmental coordination observed.

Revenue & Profitability Analysis

Metric	2023 (AED '000)	2024 (AED '000)	% Change
Total Revenue	8,450	9,680	+14.56%
Gross Profit Margin	20.0%	20.0%	0%
Operating Profit	445	580	+30.34%
Net Profit	312	428	+37.18%

Liquidity Ratios (2023–2024)

Metric	2023	2024	Change	Industry Benchmark
Current Ratio	1.85	2.12	+0.27	2.0
Quick Ratio	1.12	1.34	+0.22	1.2
Cash Ratio	0.34	0.48	+0.14	0.3

Metric	2023	2024	Industry Avg
DSO	73	73	81
DIO	68	68	59
DPO	85	82	91
CCC	56	59	49

Cash Conversion Cycle Components

Strategic Recommendations

- Improve inventory turnover (use ERP, JIT)
- Renegotiate supplier contracts for better terms
- Focus on high-margin products
- Automate credit and receivables systems
- Conduct monthly margin reviews

Conclusion

- Company shows strong revenue and liquidity
- Inventory efficiency is a concern
- Cash conversion cycle slightly high
- Strategic improvements can yield better profitability
- Applicable insights for SMEs in pharma trading

Thank You