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ANALYSIS OF PT INKA'S FINANCIAL STATEMENTS FOR THE 2021–2023 PERIOD TO EVALUATE FINANCIAL PERFORMANCE

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Abstract

PT INKA is a state-owned enterprise and the first integrated railway manufacturing corporation in Southeast Asia. This research aims to evaluate the financial performance of PT INKA during the 2021–2023 period based on its financial ratios. The analytical method used is descriptive quantitative, utilizing financial ratios including profitability, activity, liquidity, and solvency ratios. The research results indicate that PT INKA's financial performance during the 2021–2023 period, based on these four ratios, is considered suboptimal. The solvency ratio exceeded the industry average, while the other three ratios were below their respective industry averages. These findings suggest that PT INKA needs to manage its assets more effectively, restructure its debt, and improve its financial performance. This research is expected to serve as a reference for stakeholders in developing accurate strategic improvements.

Keywords: PT INKA, financial ratios, financial performance.

Introduction

The evolution of industry in Indonesia continues to show significant progress in line with economic growth. With the emergence of the digital era, various industrial sectors are required to adapt in order not to fall behind in technological developments. Companies are expected to maintain high levels of competitiveness within their respective sectors. Such competition can have a substantial impact on businesses, and it is common for companies to strive for prosperity and welfare (Lumantow & Karuntu, 2022).

Transportation—particularly railways—plays a vital role in enhancing logistics distribution, population mobility, and interregional connectivity (Achmadi & Manjaleni, 2025). The development of the railway industry reflects its active participation in implementing and supporting government programs and policies for national and economic development. This sector contributes through job creation, attracting investment, and increasing state revenue. Nevertheless, in order to attract investors and ensure sustainability, evaluating a company's financial performance becomes crucial as a foundation for making investment decisions and strategic planning (Lumantow & Karuntu, 2022).

The success of a business can be measured through its financial performance. Financial performance reflects the company's ability to manage resources within a certain period and serves as an indicator of its financial position and operational efficiency (Achmadi & Manjaleni, 2025). The fundamental role of financial performance is to assess and evaluate a company's achievements based on its financial activities. Typically, financial performance is evaluated by reviewing financial statements (FS) prepared at the end of each fiscal year (Cahyani et al., 2024).

Financial performance refers to an analytical process aimed at estimating how well a company has implemented its financial practices according to established standards and regulations (Idris et al., 2023). It is a reflection of the results achieved by management in optimally managing assets over a specific period to illustrate the company's condition, particularly its ability to generate profits and maintain financial stability (Andrianie et al., 2023).

As a crucial source of information, financial statements serve to assess a company's progress and can be used to project past, current, and future performance (Andrianie et al., 2023). FS also function as a reference for conducting analyses, providing insights into business growth, and serving as a foundation for effective and efficient decision-making (Widya & Megasari, 2023).

According to the Indonesian Financial Accounting Standards Statement (PSAK) No. 1 of 2025, financial statements are defined as a structured presentation of the financial position and performance of an entity. This presentation is expected to provide stakeholders with useful information for decision-making. FS serve as a medium to observe and understand an entity's financial performance over a specific period (Astuti, Dermawan, Supitriyani, Azwar, & Susanti, 2021).

The financial condition of a company can be assessed through financial statement analysis. This analysis is essential to ensure that decisions are based on valid and accountable data. Financial statement analysis aims to evaluate a company's operational and financial effectiveness, thereby portraying its business progress through financial ratios. For such an analysis, at least the last three years of financial statements are required. Through this process, it can be determined whether a company's financial condition is sound or otherwise (Anjarwati et al., 2023).

Financial statement analysis is a process undertaken to examine and assess each component of the financial statements (FS) in depth, in order to gain an accurate and comprehensive interpretation of their content (Margaretha et al., 2021). The analysis of financial performance utilizes numerical data from financial statements, commonly employing measurement tools known as financial ratios.

Financial ratios play a critical role in illustrating the financial condition of an entity. They are useful for estimating the likelihood of financial difficulties a company may encounter, evaluating the impact of its operations, and assessing both current and prospective financial performance. Moreover, these ratios serve as a foundation for stakeholders to compare present and future performance and to consider forward-looking perspectives (Fadlilah et al., 2023). The interpretation of financial ratios is an analytical tool that compares numerical data in financial statements through the division of values. These comparisons can be drawn between elements within a single statement or across multiple periods (Idris et al., 2023). In evaluating a company's financial performance, investors and other relevant parties can utilize various types of financial ratios presented in the FS. These include: profitability ratios, efficiency/activity ratios, working capital/liquidity ratios and leverage/solvency ratios (Anjarwati et al., 2023).

Profitability ratios are defined as tools for measuring a company's ability to generate profit. These ratios indicate the extent to which a company earns adequate surplus, expressed as a percentage, reflecting the final outcome of various managerial considerations and strategic decisions (Lumantow & Karuntu, 2022). Key profitability ratios include: NPM (Net Profit Margin), ROI (Return on Investment) dan ROE (Return on Equity).

NPM is used to evaluate the proportionate relationship between net income and net sales. The higher the NPM, the more efficient the company is at generating net profit from its sales revenue (Astuti et al., 2021). The industry average for NPM is approximately 20% (Isnaini, Caristi, & Najib, 2024).

NPM = (Earning After Interest and Tax (EAIT) / Net sales) x 100% (1)

ROI is an indicator used to assess the return level obtained from the utilization of an entity's assets. This ratio provides insight into how effectively a company manages its investments. The higher the ROI, the better the investment performance in generating profit. The industry average for ROI is 30% (Soleha, 2022).

ROI = (EAIT / Total Assets) x 100% (2)

ROE illustrates the level of return from utilizing the entity's equity to generate net profit. This ratio reflects how well a company can use its capital to earn profit. A higher ROE indicates better performance in using equity to generate surplus (Astuti et al., 2021). The industry average for ROE is 40% (Isnaini et al., 2024).

ROE = (EAIT / Total Equity) x 100% (3)

Activity ratios are metrics used to evaluate how efficiently a company manages its assets and help stakeholders estimate the extent to which company assets are able to generate output. These ratios aid in understanding the company's operations and effectiveness (Illahi et al., 2024). The key activity ratios include Inventory Turnover (ITO) and Total Assets Turnover (TATO).

ITO is a financial index used to estimate how often the investment in inventory turns over within a given period. A higher ITO reflects more efficient inventory management in generating sales. The industry average for ITO is 20 times (Isnaini et al., 2024).

ITO = Sales / Inventory (4)

TATO measures how effectively a company uses its assets to generate sales. A higher TATO means that the company is using its assets more efficiently to drive revenue. A low TATO may indicate that the company holds excessive assets that are not yet optimized to support sales (Astuti et al., 2021). The industry average for TATO is 2 times (Isnaini et al., 2024).

TATO = Sales / Total Assets (5)

Liquidity ratios are indicators used to estimate an entity's ability to settle its short-term liabilities and to what extent it can do so in a timely manner. Achieving sufficient liquidity means the company can manage its debts effectively (Subiyakto, 2023). These include the Cash Ratio, Current Ratio, and Quick Ratio.

The quick ratio is used to evaluate the company's ability to cover its short-term liabilities using current assets, excluding inventory (Puspitasari & Thoha, 2021). The higher the quick ratio, the better the company's ability to meet its current obligations without relying on inventory. The industry average for this ratio is 1.5 times (Soleha, 2022).

Quick ratio = (Current Assets - Inventory) / Current Liabilities (6)

The cash ratio measures the amount of cash and cash equivalents available to pay off current liabilities. It reflects the company's ability to cover its short-term obligations using only cash and cash equivalents, excluding receivables and inventory (Margaretha et al., 2021). The industry average cash ratio is 0.5 times (considered healthy). If too high, it may indicate inefficient use of funds (Soleha, 2022).

Cash ratio = Cash and Cash Equivalents / Current Liabilities (7)

The current ratio plays a crucial role in assessing a company's ability to meet its short-term liabilities. This ratio illustrates how effectively a company utilizes its current assets to repay its current debts. A higher ratio indicates that the company's current assets are sufficient to cover its current liabilities (Fadlilah et al., 2023). The industry average for this ratio is 2 times (Isnaini, 2024).

Current ratio = Current Assets / Current Liabilities (8)

The solvency ratio is a metric used to assess the proportion of a company's assets funded through debt (Ayu Andrianie et al., 2023). This ratio illustrates the extent to which a company's assets are financed by debt and serves as an indicator of its capacity to settle long-term obligations (Margaretha et al., 2021). Leverage ratios include Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), and Long-Term Debt to Equity Ratio (LTDtER).

DER reflects the proportion of equity used to settle the company's debt. This ratio measures the company's ability to meet its liabilities in relation to the equity allocated for repayment. A higher DER indicates higher financial risk, which may deter potential investors (Fadlilah et al., 2023). The industry average DER is 0.8 times (Soleha, 2022).

DER = Total Debt / Total Equity (9)

DAR is used to examine the proportion of total debt in relation to the company's total assets. It indicates the extent to which a company's assets are financed through debt, both short-term and long-term. A higher DAR means the company is more reliant on debt to acquire assets, thus increasing financial risk (Isnaini et al., 2024). The industry average DAR is 0.35 times (Soleha, 2022).

DAR = Total Debt / Total Assets (10)

LTDtER interprets the proportion of long-term debt relative to equity. A higher LTDtER indicates a greater reliance on long-term debt, reflecting the company's capacity to fulfill long-term obligations. The industry average for LTDtER is 10% (Isnaini et al., 2024).

LTDtER = (Long Term Debt / Total Equity) x 100% (11)

Several studies have been conducted to analyze financial statements in order to measure financial performance. Achmadi & Manjaleni (2025) examined the financial performance of PT KAI for the 2019–2023 period. Their analysis revealed a current ratio of 1,111.7%, significantly exceeding the ideal standard of 200%, indicating very high liquidity but also potential inefficiency in managing short-term assets. The ROA was 6.76%, above the minimum benchmark of 5%, yet not close to optimal. The DER stood at an average of

162.8%, exceeding the safe threshold and suggesting a dependency on debt and a challenge in long-term debt repayment.

Andiniswari, Santoso & Patni (2024) found that working capital ratios—cash ratio, quick ratio, and current ratio—were generally below the industry average, indicating poor liquidity. The solvency ratios—DAR, DER, and LTDtER—also suggested poor financial health as they exceeded industry norms. Activity ratios, particularly RTO in 2018, 2020, and 2021, showed positive performance, although still below the 2019 industry average. ITO, TATO, and FATO (Fixed Asset Turnover) revealed suboptimal performance due to values below industry averages. Profitability ratios including ROE, NPM, and ROI indicated marginal profitability, reflecting underperformance against industry standards.

Pratika et al. (2024) reported that liquidity ratios were below industry averages, indicating challenges in covering short-term obligations. Despite an increase in the cash ratio in 2023, performance remained inadequate. High ratios of debt to assets and equity suggested significant reliance on debt financing. However, ROA, profit margin, and ROE surpassed industry averages, indicating effective profit generation and asset/equity management. The total asset turnover ratio showed a positive outcome, while inventory turnover was lower than the industry standard.

Cahyani et al. (2024) showed that during the 2022 and 2023 periods, liquidity ratios (cash, current, and quick) were below desirable levels. In 2022, cash turnover was evaluated as acceptable, while in 2023, it improved. Profitability ratios such as ROI, profit margin, and ROE were weak for both years. Activity ratios were also deemed unsatisfactory. Solvency ratios—particularly the debt to asset ratio in 2022 and 2023—and fixed charge coverage and DER were evaluated as poor in both years.

Widya & Megasari (2023) examined the financial performance of PT INKA, finding that the company's solvency ratios were above the industry average, while profitability ratios were below, indicating subpar profit performance.

PT INKA (Industri Kereta Api) is a state-owned rail manufacturing company and the first integrated rail manufacturer in Southeast Asia. It has experienced fluctuating financial performance over the past three years. The problem formulated from this background is: How is the financial statement analysis of PT INKA during the 2021–2023 period in evaluating its financial performance?. The purpose of this research is to evaluate PT INKA's financial performance based on financial ratios during the 2021–2023 period. The scope of the research includes: profitability ratios (NPM, ROI, ROE), Activity ratios (ITO, TATO), Liquidity ratios (quick ratio, cash ratio, current ratio) and Solvency ratios (DER, DAR, LTDtER).

Results and Discussion

This research applies various financial ratio indicators based on PT INKA's financial statements for the period 2021–2023, functioning as analytical instruments, as outlined below:

a. Profitability ratio

1. NPM

Table 1 Result of NPM Assessment

Explanation	2023	2022	2021
EAIT	36.036.715.963	(451.241.539.971)	66.013.763.478
Net Sales	2.683.204.218.414	1.154.124.162.010	2.361.471.246.323
NPM	1,34%	(39,10%)	2,80%

Source: Data Processing Result, 2025

Table 1 illustrates that the NPM (Net Profit Margin) ratio in 2021 was 2.80%. In that year, the ratio was the highest compared to 2022 and 2023. This indicates that PT INKA achieved better profits, although still not meeting expectations. In 2022, the NPM ratio experienced a sharp decline of 41.89% from 2021, resulting in a figure of -39.10%. This decrease was due to reduced sales and increased selling expenses, deferred taxes, and other costs arising from the impact of COVID-19. The year 2022 was the worst period for PT INKA as the company did not generate profit and suffered material losses. In 2023, the NPM was recorded at 1.34%, showing an improvement from 2022 even though the margin remained low. This was a result of increased sales and better-managed expenses. PT INKA implemented improvements in 2023 that led to a return to positive earnings. The NPM ratio of PT INKA during the 2021–2023 period is concluded to be unsatisfactory, due to low profits, low product prices, high expenses, or a combination of these factors. PT INKA's NPM ratio illustrates that its financial performance was unsatisfactory, as it was significantly below the industry average.

2. ROI

Table 2 Result of ROI Assessment

Explanation	2023	2022	2021
EAIT	36.036.715.963	(451.241.539.971)	66.013.763.478
Total Assets	5.011.650.584.423	3.709.776.683.101	4.389.933.546.463
ROI	0,72%	(12,16%)	1,50%

Source: Data Processing Result, 2025

Based on Table 2, it is described that PT INKA's ROI (Return on Investment) ratio experienced fluctuations during the 2021–2023 period. In 2021, the ROI was 1.50%, indicating that the use of total assets generated a return on investment. The ROI in 2021 was better than in 2023 and 2022, illustrating that PT INKA's asset utilization in 2021 was more efficient. However, in 2022, the ROI dropped by 13.67%, resulting in a negative ROI of -12.16%. This decline was caused by a sharp decrease in trade receivables, sales, and deferred taxes, while prepaid expenses increased. In 2022, PT INKA lost 12.16% of its total assets, leading to significant losses. In 2023, ROI improved by 12.88% to 0.72%. This figure indicates some improvement compared to the previous year, although the ratio remains relatively low. Over the three-year period, PT INKA's ROI performance is considered poor, as it did not exceed the industry average. PT INKA has not yet achieved an adequate return on its asset utilization, due to low asset turnover, and is therefore assessed as underperforming.

3. ROE

Table 3 Result of ROE Assessment

Explanation	2023	2022	2021
EAIT	36.036.715.963	(451.241.539.971)	66.013.763.478
Total Equity	183.277.681.178	146.598.818.384	613.048.874.439
ROE	19,66%	(307,81%)	10,77%

Source: Data Processing Result, 2025

Based on the data above, it is explained that PT INKA's ROE ratio fluctuated during the 2021–2023 period. The ROE in 2021 was around 10.77%. In 2022, it declined significantly by 318.58%, resulting in a negative ROE of -307.81%. This decline was due to a sharp drop in sales, deferred tax, and equity owned by the company, primarily caused by the COVID-19 pandemic. This year was the worst for PT INKA, as the losses were extraordinary. This situation illustrates that PT INKA was inefficient in managing its equity to generate profits. The drastic drop in ROE should be a critical warning sign, indicating issues and crises in its operations or business strategy. In 2023, the ROE increased sharply by 327.47%, reaching 19.66%. This improvement was driven by increased sales, other income, and equity. However, the rise in ROE in 2023 did not significantly impact PT INKA's overall performance. PT INKA's ROE remains far below the industry average, indicating that its financial performance is still considered poor.

b. Activity ratio

1. ITO

Table 4 Result of ITO Assessment

Explanation	2023	2022	2021
Sales	2.683.204.218.414	1.154.124.162.010	2.361.471.246.323
Inventory	1.032.821.448.593	1.055.484.023.289	1.328.133.891.944
ITO	2,60	1,09	1,78

Source: Data Processing Result, 2025

Based on the data in Table 4, it is explained that the ITO ratio experienced fluctuations each year. The ITO ratio in 2021 was 1.78 times, meaning PT INKA turned over its inventory approximately 1.78 times during that year. In 2022, the ratio declined by 0.68 times to 1.09 times. This decrease in sales and inventory led to slower inventory turnover, reflecting a decline in market demand and potential inefficiencies in operational management. Subsequently, the ratio increased in 2023 to around 2.60 times, or a growth of 1.51 times. This increase indicates that PT INKA achieved improved inventory management, with goods being sold more frequently and quickly throughout the period. However, over the past three years, PT INKA has not been productive and efficient in managing its inventory optimally, as its ITO remained below the industry average. Therefore, its inventory management performance is considered inadequate.

2. TATO

Table 5 Result of TATO Assessment

Explanation	2023	2022	2021
Sales	2.683.204.218.414	1.154.124.162.010	2.361.471.246.323
Total Assets	5.011.650.584.423	3.709.776.683.101	4.389.933.546.463
TATO	0,54	0,31	0,54

Source: Data Processing Result, 2025

Based on Table 5, it is understood that the Total Asset Turnover (TATO) ratio experienced changes during the 2021–2023 period. In 2021, the TATO ratio was 0.54 times, indicating that every Rp 1 of assets generated Rp 0.54 in sales. In 2022, it declined by 0.23 times to 0.31 times due to a decrease in both sales and total assets, reflecting that PT INKA's assets were not being used effectively to generate sales. In 2023, the TATO returned to 0.54 times, the same level as in 2021 (an increase of 0.31 times), suggesting that PT INKA gradually recovered its asset utilization. However, PT INKA's TATO ratio from 2021 to 2023 remained below the industry average, indicating that its financial performance is estimated to be suboptimal.

c. Likuidity ratio

1. Quick ratio

Table 6 Result of Quick Ratio Assessment

Explanation	2023	2022	2021
Current Assets - Inventory	3.080.197.106.761 - 1.032.821.448.593 = 2.047.375.658.168	1.654.008.041.175 - 1.055.484.023.289 = 598.524.017.886	2.323.966.148.050 - 1.328.133.891.944 = 995.832.256.106
Current Liabilities	3.901.449.855.137	3.104.319.514.180	3.328.404.721.436
Quick Ratio	0,52	0,19	0,30

Source: Data Processing Result, 2025

Based on the data above, it is explained that PT INKA's quick ratio was not consistent over the three periods (2021–2023). The quick ratio was 0.30 times in 2021. In 2022, it declined by 0.11 times to 0.19 times due to a nearly 40% decrease in quick assets (from Rp 995 billion to Rp 598 billion) and a reduction in current liabilities that was not sufficient to offset the decline in assets. A sharp increase of nearly 1.5 times occurred in 2023, as quick assets rose significantly (exceeding Rp 2 trillion), even though current liabilities also increased. In 2023, PT INKA gradually began to have a substantial reserve of quick assets to cover its current liabilities. However, over the three-year period, the company's financial performance is considered suboptimal, as its quick ratio remained below the industry average.

2. Cash ratio

Table 7 Result of Cash Ratio Assessment

Explanation	2023	2022	2021
Cash and Cash Equivalents	840.141.995.155	374.875.474.160	563.752.807.755
Current Liabilities	3.901.449.855.137	3.104.319.514.180	3.328.404.721.436
Cash Ratio	0,22	0,12	0,17

Source: Data Processing Result, 2025

According to the data in Table 7 above, PT INKA's cash ratio was unstable during the 2021–2023 period. In 2021, the ratio was recorded at 0.17 times. This means that PT INKA only held Rp 0.17 in cash and cash equivalents for every Rp 1 of current liabilities, indicating that it was unable to settle its current obligations solely with available cash. In 2022, the ratio declined by 0.05 times to 0.12 times. This decrease indicates a worsening cash liquidity position, as cash and cash equivalents dropped by approximately Rp 188.88 billion while current liabilities remained high. This condition

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could lead to default risks unless the company either extends its debt maturity or increases its cash reserves. In 2023, there was a substantial improvement, with the cash ratio rising to 0.22 times. This reflects an increase in cash and cash equivalents by around Rp 465.27 billion, although current liabilities also increased. While the ratio still does not reach the ideal level, it shows that management has made efforts to improve cash availability to meet current liabilities. Overall, PT INKA's cash ratio over the last three years is considered unfavorable, as it remains below the industry average.

3. Current ratio

Table 8 Result of Current Ratio Assessment

Explanation	2023	2022	2021
Current Assets	3.080.197.106.761	1.654.008.041.175	2.323.966.148.050
Current Liabilities	3.901.449.855.137	3.104.319.514.180	3.328.404.721.436
Current Ratio	0,79	0,53	0,70

Source: Data Processing Result, 2025

Based on the data, it is revealed that PT INKA's current ratio was unstable during the 2021–2023 period. In 2021, the ratio was 0.70 times, meaning the company only had Rp 0.70 in current assets for every Rp 1 of current liabilities. In 2022, the ratio declined by 0.17 times (due to a Rp 669.9 billion decrease in current assets), indicating a weakening in PT INKA's liquidity capacity, as current assets were insufficient to cover its short-term liabilities. This situation is quite concerning and reflects pressure on both current assets and cash reserves. In 2023, the ratio increased by 0.26 times to 0.79 times. This was driven by a sharp rise in current assets—an increase of 86.3% from 2022—although current liabilities also rose by 25.7%. Despite the improvement, over the past three years PT INKA has demonstrated an inability to secure its short-term financial stability, and its financial performance is considered suboptimal, remaining below the industry average.

d. Solvency ratio

1. DER

Table 9 Result of DER Assessment

Explanation	2023	2022	2021
Total Debt	4.828.372.903.245	3.563.177.864.717	3.776.884.672.024
Total Equity	183.277.681.178	146.598.818.384	613.048.874.439
DER	26,34	24,31	6,16

Source: Data Processing Result, 2025

According to the data in Table 9, PT INKA's Debt to Equity Ratio (DER) experienced an upward trend during the 2021–2023 period. In 2021, the DER stood at 6.16 times, meaning that total debt was 6.16 times greater than total equity, indicating a relatively high level of leverage. The equity portion was still substantial at Rp 613 billion, serving as a primary buffer in PT INKA's capital structure. In 2022, the DER increased sharply to 24.31 times—a rise of 18.14 times—due to a slight decrease in total debt and a significant drop in total equity by Rp 466.4 billion. This sharp decline in equity was primarily due to a steep reduction in retained earnings (deficit), which was not offset by an increase in capital, resulting in a highly imbalanced capital structure. In 2023, the DER rose again to 26.34 times. Total debt increased by Rp 1.26 trillion, reaching Rp 4.83 trillion. This situation illustrates that PT INKA continues to rely heavily on debt financing, increasing its financial risk, particularly regarding its ability to repay debt and handle interest expenses. From 2021 to 2023, PT INKA's DER remained above the industry average. The higher the DER, the more debt PT INKA must be accountable for, which leads to its financial performance being considered unsatisfactory.

2. DAR

Table 10 Result of DAR Assessment

Explanation	2023	2022	2021
Total Debt	4.828.372.903.245	3.563.177.864.717	3.776.884.672.024
Total Assets	5.011.650.584.423	3.709.776.683.101	4.389.933.546.463
DAR	0,96	0,96	0,86

Source: Data Processing Result, 2025

Based on the data, it is discussed that PT INKA's Debt to Asset Ratio (DAR) experienced an increase. In 2021, the DAR was 0.86 times, meaning that 86% of its total assets were financed by debt. This indicates that PT INKA's capital structure relied more heavily on debt than on equity. In 2022, the ratio increased by 0.10 to 0.96 times. This rise reflects PT INKA's growing dependence on external financing. In 2023, there was no change in the DAR compared to the previous year, even though both total debt and total assets increased—yet the proportion remained imbalanced. From 2021 to 2023, PT INKA's DAR consistently exceeded the industry average. Therefore, its financial performance is assessed as poor, as the ratio nearly reached 1.0, suggesting that nearly all of its assets were financed by debt, with only 4% funded by equity. PT INKA's solvency risk is considered extremely high.

3. LTDtER

Table 11 Result of LTDtER Assessment

Explanation	2023	2022	2021
Long Term Debt	926.923.048.108	458.858.350.537	448.479.950.588
Total Equity	183.277.681.178	146.598.818.384	613.048.874.439
LTDtER	506%	313%	73%

Source: Data Processing Result, 2025

Based on Table 11, it is explained that PT INKA's Long-Term Debt to Equity Ratio (LTDtER) increased each year during the 2021–2023 period. In 2021, the ratio was 73%, meaning that 73% of its long-term debt was equivalent to its total equity. In 2022, the ratio rose by 240% to 313%. This increase was caused by a sharp decline in total equity of approximately Rp 466.4 billion. It suggests a shift in investment strategy toward greater reliance on debt, along with a rise in long-term financial risk. In 2023, the ratio increased again by 193% to 506%. This situation is highly risky, as it reflects an excessive dependence on external funding for long-term investments rather than internal equity. As a result, it weakens the company's credibility with creditors and investors and indicates potentially high interest burdens in the future. Over the past three years, PT INKA's performance is assessed as poor, since its LTDtER has remained below the industry average.

Conclusion

During the 2021–2023 period, PT INKA's performance, based on profitability, activity, and liquidity ratios, is reflected as unsatisfactory, as the company failed to reach the industry average. PT INKA's profitability ratios were significantly below the industry average due to weak sales that were insufficient to cover operational costs and the company's failure to optimize capital and asset management in generating profits. Its activity ratios were also below the industry mean, indicating inefficient asset management and slow inventory turnover. The liquidity ratios did not surpass the industry average, caused by a high volume of illiquid assets, difficulties in covering current liabilities, and the presence of bad debts. Meanwhile, PT INKA's solvency ratios exceeded the industry average, suggesting a less-than-ideal financial structure due to heavy reliance on debt, low equity, and the absence of capital structure adjustments.

Recommendations to improve financial performance from 2021 to 2023, PT INKA should assess and monitor profit margins to achieve more consistent and improved profitability in the future. The company should aim to reduce costs, increase sales, and optimize asset management. It is also necessary to review inventory management and sales strategies. Furthermore, PT INKA should better control its current liabilities, strengthen its short-term financial structure, and thoroughly evaluate its financing policies. A continuous plan to adjust and improve the company's financial structure is also recommended.

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