

FINANCIAL PERFORMANCE OF DRUGS AND PHARMACEUTICAL COMPANIES IN INDIA – A STUDY

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Abstract: This study examine &the financial position of top ten drugs and pharmaceutical companies in India during the period from 2006-2007 to 2015-2016 by exploring their liquidity, solvency and profitability position. Statistical tools like Mean, Standard Deviation, Co-efficient of variation, ANOVA, diagrammatic and graphical presentation were used to draw inferences. Compound Annual Growth Rate was used to find out the pattern of their growth. The findings of the study are expected to help understanding their financial position.

1. INTRODUCTION

Industries make the country self-reliant by fulfilling the various needs of the people. In India, industrial economy comprises of various industries like, Automobile, Iron and Steel, Real Estate, Cement, Tourism, Energy, Textile, Airlines, Pharmaceutical, Biotechnology, Electronics, Hardware and Power. Of these, pharmaceutical industry is found to be one of the fasted growing and lifesaving sectors. It plays a key role in promoting and sustaining development in the field of medicines.

The pharmaceutical industry in India ranks 3rd in terms of volume and 14th in terms of value. Hyderabad Mumbai, Bangalore, Visakhapatnam and Ahmadabad are the major pharmaceutical hubs. Indian pharmaceutical industry boasts of quality producers and approved regulatory units. This industry has a success story of providing employment opportunities formillions and ensuring essential drugs at affordable prices to the vast population.International companies associated with this sector have stimulated, assisted and spearheaded this dynamicdevelopment in the past five decades and helped to place India in an important position.

2. STATEMENT OF THE PROBLEM

One of the most worrying aspects of the pharmaceutical industry is the present state of the global economy. There is a lot of concern at the moment, with markets all over the world suffering from major blips. Regulated market such as the USA, Europe and Japan continued to grow at slower pace following patent expiry of key drugs, saturation of markets, declining productivity and slackening in research and development activities. Additionally, the global economic slowdown has also contributed to a weaker pricing environment for branded drugs which in turn lead to higher substitution of generic drugs. Further the industry also faces the problems of competition from generic medicine producers from developing countries. Government regulations, USFDA checks and diversification of attractive investment in non-related sectors like energy and financial services reflect in the poor sales performance for last two decades. This industry is very much at cross road at present. In this context it is pertinent to evaluate the industry in general and a company in particular from the financial standing point of view. The performance of a company is usually related to how well a company can use its assets, shareholders' equity and liability, revenues and expenses. The Indian pharmaceutical industry is in the front rank of

India's science-based industries with wide ranging capabilities in the complex field of drug manufacturing technology. At present the Indian pharmaceutical industry is struggling to keep its place due to various problems. The domestic pharmaceutical companies face many challenges from reputed multi-national giants. It is also stated that there would be challenges such as ever increase in the input cost which might put strong pressure on the profit margin that may in turn affect their efficient performance in the long run. Hence the researcher feels it important to study the financial strength especially liquidity, solvency and profitability position of top ten drugs and pharmaceutical companies in India. The findings of the study may be useful to take stock of the present condition which will be helpful to formulate suitable measures for improvement.

Objective of the Study

1. To highlight the bird's eye view over the financial position of top ten Drugs and Pharmaceutical companies in India.

Hypotheses

H₀: There is no significant difference in the financial position of Top Ten Drugs and Pharmaceutical Companies in India.

H_a: All the Top Ten Drugs and Pharmaceutical Companies in India are equally sound in respect of their financial health.

3. METHODOLOGY OF THE STUDY

The researcher has collected the financial position of top ten Drugs pharmaceuticals companies in India based on secondary data from 2006-2007 to 2015-2016. The top ten drugs and pharmaceutical companies in India are selected based on Market Capitalization as of July 2015. The supporting literature for analysis were also collected from journals like Journal of Business and Management, International Business Research, Global Journal for Research Analysis, International Journal of Multidisciplinary Research, International Journal of Scientific Research and Newspapers like Financial Express, Economic Times and The Hindu. Books and internet sources are extensively used to obtain the relevant data for the study.

Companies Chosen for the study

The following are the companies selected for the study based on market capitalization as of July 2015.

1. Sun Pharmaceutical Industries Limited
2. Lupin Limited
3. Dr.Reddy's Laboratories Limited
4. Cipla Limited
5. Aurobindo Pharma (P) Limited
6. Cadila Healthcare Limited
7. Glenmark Pharmaceuticals Limited
8. Divi's Laboratories Limited
9. Torrent Pharmaceuticals Limited and
10. GlaxoSmithKline Pharmaceuticals Limited

Liquidity Position of Top Ten Drugs and Pharmaceutical Companies in India

Liquidity analysis aims to determine the ability of a business to meet its financial obligations during the short term and to maintain its short- term debt paying ability. Table 1 shows the liquidity position of top ten pharmaceutical companies in India from 2006-2007 to 2015-2016.

TABLE 1: Liquidity Position of Top Ten Drugs and Pharmaceutical companies in India from 2006-2007 to 2015-2016

(₹in crores)

S.No	Company	Current Assets				Current Liabilities				Inventories				Working Capital			
		Mean	SD	CV %	CAGR%	Mean	SD	CV %	CAGR%	Mean	SD	CV %	CAGR%	Mean	SD	CV %	CAGR%
1	Sun Pharmaceutical Industries Limited	3399.04	1286.33	37.84	7.88	1802.89	1815.16	100.70	25.37	914.68	628.12	74.57	20.39	1596.14	918.26	57.53	-16.30
2	Lupin Limited	3341.16	1832.67	54.85	17.23	1066.26	470.09	44.09	16.33	1077.87	502.25	46.59	16.88	2274.90	1390.97	61.14	17.57
3	Dr. Reddy's Laboratories Limited	5332.70	2081.60	39.03	7.18	1781.27	649.71	36.47	10.26	1169.24	463.91	39.67	13.30	3551.43	1531.91	43.13	5.92
4	Cipla Limited	4984.06	1294.64	25.97	8.59	1848.70	925.95	50.08	12.59	1977.98	770.34	38.95	11.55	3135.36	726.36	23.16	5.97
5	Aurobindo Pharma (P) Limited	3807.97	1727.86	45.37	12.15	884.30	435.19	49.21	16.28	1307.93	634.32	48.49	16.08	2923.67	1320.09	45.15	11.22
6	Cadila Healthcare Limited	1502.98	631.05	41.98	13.34	691.03	287.02	40.23	9.60	506.77	163.82	32.72	7.18	811.95	378.57	46.62	16.88
7	Glenmark Pharmaceuticals Limited	1798.57	1322.60	73.54	15.97	713.37	287.01	38.97	26.92	321.07	288.08	89.72	16.06	1084.89	752.62	69.37	11.63
8	Divi's Laboratories Limited	1253.98	640.08	51.04	18.30	402.53	201.51	50.06	14.18	653.22	333.55	51.06	18.66	851.45	475.59	55.86	19.68
9	Torrent Pharmaceuticals Limited	1453.58	805.47	55.41	18.71	582.51	316.19	50.28	20.79	463.10	294.31	63.28	17.96	871.07	507.30	58.24	17.33
10	GlaxoSmithKline Pharmaceuticals Limited	2066.11	662.61	32.07	1.96	946.85	314.19	36.03	-5.35	305.49	92.26	30.20	8.03	1119.25	705.32	63.02	-

Source: <http://www.capitaline.com>

It is seen from table 1 that the current assets of all companies show a fluctuating trend during the study period except for Cadila Healthcare Limited and Divi's Laboratories Limited. The fluctuations of current assets represent the changes in working capital that arise in the normal course of business operation. It is inferred from the analysis that Dr.Reddy's Laboratories Limited has the highest average of current assets of ₹5332.70 crores and the Divi's Laboratories Limited has the lowest of ₹1253.98 crores. Dr.Reddy's laboratory Limited has the highest standard deviation of current assets of ₹2081.60 crores and the Cadila Healthcare Limited has the lowest of ₹631.05 crores. Glenmark Pharmaceuticals Limited has the highest co-efficient of variance of current assets of 73.54 per cent and the Cipla Limited has the lowest of 25.97 percent.

It is also seen from table 1 that the highest growth rate of current assets is achieved by the Torrent Pharmaceuticals Limited followed by Divi's Laboratories Limited with 18.71 percent and 18.30 percent respectively. Whereas the GlaxoSmithKline Pharmaceuticals limited achieved the lower of 1.96 percent.

Analysis of the current liabilities show a progressive but fluctuating trend during the study period. The reason for the increasing current liability may be due to large scale purchases of additional inventory. It occur when the business owners have an established credit account and simply order more inventory or fresh inventory purchases directly from their suppliers. The Cipla Limited has the highest average current liabilities of ₹1848.70 crores and Divi's laboratories Limited has the lowest average and standard deviation of current liabilities were ₹402.53 crores and ₹201.51crores respectively. The Sun Pharmaceutical Industries Limited has the highest standard deviation and co-efficient of variance of ₹1815.16 crores and 100.70 per cent respectively. The GlaxoSmithKline Pharmaceuticals Limited has the lowest co-efficient of variance of 36.03 per cent. The highest growth rate is achieved by Sun Pharmaceutical Industries Limited with 25.37 per cent and the lowest growth rate of current liabilities was -5.35 per cent in GlaxoSmithKline Pharmaceuticals Limited.

The Inventory shows the progressive and fluctuating trend during the study period.The general reason for the fluctuation of inventory might have been due to poorly managed inventory,rise and fall of customer demand, fluctuation or failing to predict and prepare for futurerises or dips in customer demand and significantly lower administrative cost. Cipla Limited has the highest mean value of ₹1977.98 croresand GlaxoSmithKline Pharmaceuticals Limited has the lowest mean value of ₹305.49 crores followed by Glenmark Pharmaceuticals Limited (₹321.07 crores). Cipla Limited has the highest standard deviation of inventory to the take of ₹770.34 crores. GlaxoSmithKline pharmaceuticals Limited has the lowest standard deviation of inventory of ₹92.26 crores. The Glenmark Pharmaceuticals Limited has the highest co-efficient variance of inventory of 89.72 per cent. GlaxoSmithKline Pharmaceuticals Limited has the lowest co-efficient of variance of inventory 30.20 percent. The Sun Pharmaceutical Industries Limited has the highest growth rate of 20.39 per cent and the Cadila Healthcare Limited has the lowest growth rate of 7.18 percent.

A glance of working capital of various companies shows a fluctuating trend during the study period. The general reason for the fluctuation of working capital is modifications to the creditors' payment period, credit policy alteration, changes in purchasing practices, collection policy alterations, alterations to inventory planning and company growth rate. Dr.Reddy's Laboratories Limited has the highest mean and standard deviation value of ₹3551.43 crores and ₹1531.91 crores. Cadila Healthcare Limited has the lowest value of mean and standard deviation was ₹811.95 crores and ₹378.57 crores respectively. Glenmark Pharmaceuticals Limited has the highest co-efficient of variance of working capital was 69.37 per cent and Cipla Limited has the lowest co-efficient of variance of working capital which was 23.16per cent. Divi's Laboratories Limited has the highest growth rate of 19.68 percent.

Solvency Position of Top Ten Drugs and Pharmaceutical Companies in India

The term 'solvency' refers to the ability of a concern to meet its long term obligations. Table 2 shows the solvency position of top ten drugs and pharmaceutical companies in India from 2006-2007 to 2015-2016.

From Table 2 it could be observed that the total debt of all the companies under review shows a fluctuating trend during the study period. The general reason for the fluctuations of debt is pay for the basic expenses such as research and development, insurance, license and permit fees, equipment and supplies and advertising and promotion.

Aurobindo Pharma (P) Limited has the highest mean value of ₹2521.82 crores and GlaxoSmithKline Pharmaceuticals Limited has the lowest mean value ₹4.66 crores of total debt. The Sun Pharmaceutical Industries Limited has the highest standard deviation of total debt of ₹2591.87 crores. Whereas GlaxoSmithKline Pharmaceuticals Limited has the lowest standard deviation of total debt of ₹1.14 crores and it is found to be stable in total debt.

TABLE 2: Solvency Position of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016

S.No	Company	Total Debt				Total Assets				Shareholders' Funds		
		Mean	SD	CV%	CAGR%	Mean	SD	CV%	CAGR%	Mean	SD	CV%
1	Sun Pharmaceutical Industries Limited	1641.26	2591.87	157.91	18.5	12830.35	11341.2	88.39	22.67	9155.19	7053.48	77.04
2	Lupin Limited	701.43	376.1	53.61	-7.6	6,353.99	3729.64	58.69	19.86	4544.45	3594.29	79.09
3	Dr. Reddy's Laboratories Limited	1604.44	1097.11	68.37	25.05	10,377.09	4030.19	38.83	11.33	7244.86	2511.97	34.67
4	Cipla Limited	645.48	488.89	75.74	24.79	9,736.65	3989.75	40.98	13.76	7381.07	3165.42	42.88
5	Aurobindo Pharma (P) Limited	2521.82	572.83	22.71	5.33	6277.79	2743.76	43.7	13.21	2956.94	1914.62	64.75
6	Cadila Healthcare Limited	1049.32	474.88	45.25	10.56	3,781.25	1632.36	43.16	14.58	2664.22	1691.99	63.50
7	Glenmark Pharmaceuticals Limited	702.58	274.38	39.05	-1.42	3,412.35	2243.55	65.74	17.56	2631.42	2049.03	77.86
8	Divi's Laboratories Limited	52.45	40.81	77.8	-12.08	2629.92	1332.9	50.68	18.94	2172.25	1213.38	55.85
9	Torrent Pharmaceuticals Limited	938.42	802.22	85.48	23.28	2566.91	1742.86	67.89	21.84	1539.31	1051.37	68.30
10	GlaxoSmithKline Pharmaceuticals Limited	4.66	1.14	24.48	-8.14	2629.22	315.5	11.99	-1.17	1730.26	281.17	16.25

Source: <http://www.capitaline.com>

The Sun Pharmaceutical Industries Limited has the highest co-efficient of variance of total debt of 157.91 per cent and Aurobindo Pharma (P) Limited has the lowest co-efficient of variance of 22.71 per cent. Dr.Reddy's Laboratories Limited has the highest growth rate of total debt of 25.05 per cent per year followed by Cipla Limited. Divi's Laboratories Limited has low growth rate of -12.08 per cent per year and followed by GlaxoSmithKline Pharmaceuticals Limited. Lupin Limited and Glenmark Pharmaceuticals Limited are found to be unstable in total debt.

A simple glance of the total assets of various companies shows a fluctuating trend during the study period. The general reason for the increase in value of assets naturally is purchase of new assets. The Sun Pharmaceutical Industries Limited has the highest mean value of total assets of ₹12830.35 crores whereas Torrent Pharmaceuticals Limited has the lowest mean value of ₹2566.91 crores followed by GlaxoSmithKline Pharmaceuticals Limited and Divi's Laboratories Limited. The Sun Pharmaceutical Industries Limited has the highest standard deviation and co-efficient of variance of total assets of ₹11341.2 crores and 88.39 per cent respectively. GlaxoSmithKline Pharmaceuticals Limited has the lowest standard deviation and co-efficient of variance of total assets of ₹315.50 crores and 11.99 per cent. The Sun Pharmaceutical Industries Limited has the highest growth rate of total assets of 22.67 per cent. The GlaxoSmithKline Pharmaceuticals Limited has the lowest growth rate of -1.17 per cent and it is found to be unstable in total assets.

The Sun Pharmaceutical Industries Limited has the highest mean value of shareholder's funds of ₹9155.19 crores and Torrent Pharmaceuticals Limited has the lowest mean value of shareholder's funds of ₹1539.31 crores. The Sun Pharmaceutical Industries Limited has the highest standard deviation of ₹7053.48 crores. The GlaxoSmithKline Pharmaceuticals Limited has the lowest standard deviation of shareholder's funds of ₹281.17 crores. The Glenmark Pharmaceutical Limited has the highest co-efficient of variance of 77.86 per cent and the GlaxoSmithKline Pharmaceuticals Limited has the lowest co-efficient variance of shareholders' of 16.25 per cent and it is more consistent in shareholder's funds than that of other drugs and pharmaceutical companies.

Profitable Position of Top Ten Drugs and Pharmaceutical Companies in India

The long term survival of a business enterprise depends on satisfactory income earned by it. An evaluation of a company's past profits may give the investors, creditors and others a better understanding for decision making. The profitable position of top ten drugs and pharmaceutical companies in India from 2006-2007 to 2015-2016 are shown in Table 3. The Net Profit of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016 are shown in Figure 1.

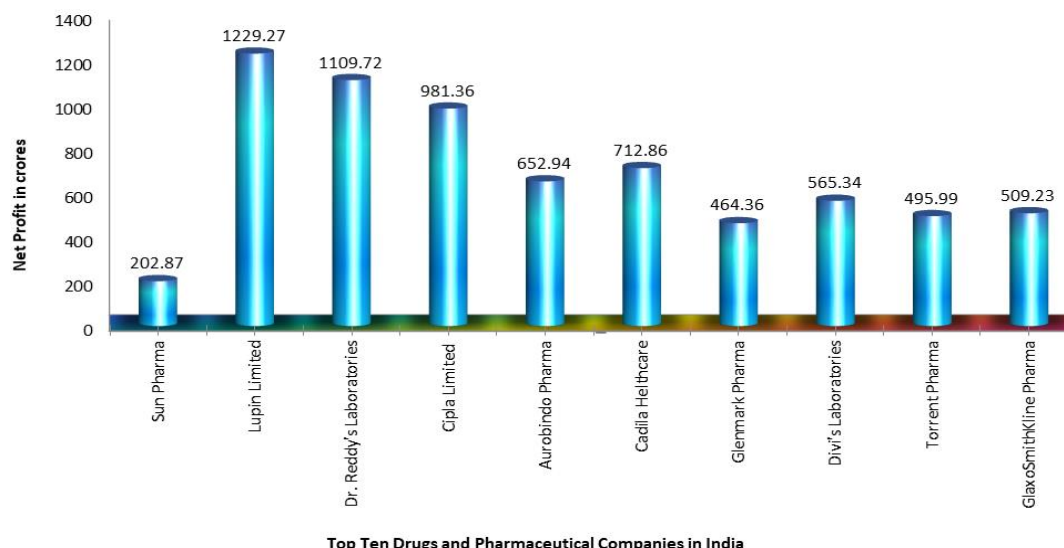
It is seen from Table 3 that the gross profit of the top ten companies shows a fluctuating trend during the study period. The reasons for the fluctuation of gross profit are under valuation of opening stock and over valuation of closing stock and reduction of trading expenses. The Lupin Limited has the highest average of gross profit of ₹1741.02 crores followed by Dr.Reddy's Laboratories Limited of ₹1701.61 crores. The Sun Pharmaceutical Industries Limited has the lowest average of gross profit of ₹403.52 crores. Lupin Limited has the highest standard deviation of gross profit of ₹1419.73 crores. Whereas GlaxoSmithKline pharmaceuticals Limited has the lowest standard deviation of ₹89.50 crores and it is found to be stable in gross profit. The Sun Pharmaceutical Industries Limited has the highest co-efficient of variance of ₹345.67 per cent. It showed highest deviation from its mean value. Torrent Pharmaceuticals Limited also reveals the same position. GlaxoSmithKline Pharmaceuticals Limited has the lowest co-efficient of variance of 11.71 per cent and it is found that there is a consistency in gross profit when comparing to that of other drugs pharmaceutical companies.

A glance over operating profit of various companies shows a fluctuating trend during the study period. This fluctuation implies inability to keep operating expenses properly controlled for level of sales achieved. The Lupin Limited has the highest average of operating profit of ₹1768.18 crores followed by Dr.Reddy's Laboratories Limited of ₹1747.26 crores and Sun Pharmaceutical Industries Limited has the lowest average of operating profit of ₹515.34 crores. The Lupin Limited has the highest standard deviation of operating profit ₹1410.32 crores. The Divi's Laboratories Limited has the lowest standard deviation of operating profit of ₹400.15 crores which is found to be stable in operating profit. The Sun Pharmaceutical Industries Limited has the highest co-efficient of variance of 253.61 per cent which shows the highest standard deviation from its mean value. GlaxoSmithKline Pharmaceuticals Limited has the lowest co-efficient of variance of operating profit of 11.72 per cent and it is found that there is a consistency in operating profit when comparing to that of other drugs and pharmaceutical companies.

TABLE 3: Profitable Position of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016
(₹in crores)

S.No	Company	Gross Profit			Operating Profit			Net Profit		
		Mean	SD	CV %	Mean	SD	CV %	Mean	SD	CV %
1	Sun Pharmaceutical Industries Limited	403.53	1394.90	345.68	515.34	1306.97	253.61	202.87	1483.60	731.29
2	Lupin Limited	1741.03	1419.73	81.54	1768.18	1410.32	79.76	1229.27	950.80	77.35
3	Dr. Reddy's Laboratories Limited	1701.61	692.17	40.68	1747.26	713.66	40.84	1109.72	465.43	41.94
4	Cipla Limited	1612.26	530.43	32.89	1670.11	566.03	33.89	1078.67	300.01	27.81
5	Aurobindo Pharma (P)Limited	973.74	840.80	86.35	1123.92	875.35	77.88	652.94	583.42	89.35
6	Cadila Healthcare Limited	920.02	733.05	79.68	978.13	721.65	73.77	712.86	551.30	77.33
7	Glenmark Pharmaceuticals Limited	576.41	560.84	97.29	632.92	546.38	86.32	464.36	434.78	93.63
8	Divi's Laboratories Limited	756.68	401.67	53.08	761.29	400.15	52.56	565.34	278.34	49.23
9	Torrent Pharmaceuticals Limited	713.37	727.75	102.02	777.02	779.11	100.26	495.99	495.94	99.98
10	GlaxoSmithKline pharmaceutical Limited	763.83	89.509	11.72	764.27	89.61	11.72	509.23	66.56	13.07

Source: <http://www.capitaline.com>



Source: Table 3

FIGURE 1: Net Profit of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2014-2015

The net profit margin is one of the key indicators used to evaluate a company's performance as this margin calculates a company's net income as a percentage of the company's sales. Several factors like increase or decrease of the price of products, high competition, changes in the inventory value, changes in the fixed and variable costs directly contribute to the change in a company's net profit margin. It is seen from the above table that the net profit of top ten companies shows a fluctuating trend during the study period. The top ten companies profit fluctuation indicates the firm's capacity to face adverse economic condition such as price competition as well as low demand. The Lupin Limited has the highest average net profit of ₹1229.27 crores followed by Dr.Reddy's Laboratories Limited and Sun Pharmaceutical Industries Limited has the lowest average of ₹202.87 crores reflected past three years it runs losses. The reason for the loss of the Sun Pharmaceutical Industries Limited is the pricing pressure in US hurting generic drug firm globally, product manufacturing deficiencies, antitrust settlement and poor stock index tracking resulting. The Sun Pharmaceutical Industries Limited has the highest standard deviation of net profit of ₹1483.60 crores. GlaxoSmithKline Pharmaceuticals Limited has the lowest standard deviation of net profit of ₹66.56 crores and it is found to be stable in net profit. The Sun Pharmaceutical Industries Limited has the highest co-efficient of variance of net profit was 731.29 per cent it showed highest deviation from its mean value. The GlaxoSmithKline Pharmaceuticals Limited has the lowest standard deviation of net profit of 13.07 per cent and it is found that there is a consistency in net profit when comparing to that of the other drugs and pharmaceutical companies.

Sales Performance of Top Ten Drugs and Pharmaceutical Companies in India

'Profit' depends on the rate of sales or turnover and the net margin. A good turnover is essential for all the pharmaceutical companies. The performance of pharmaceutical company is generally evaluated on the basis of turnover. High turnover means better performance which indicates optimum utilization of resources at its disposal. The turnover reveals how well and efficiently the assets of the pharmaceutical companies are being utilized. Table 4 indicates the Sales Performance of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016.

It is seen from Table 4 that there was an increasing trend in sales turnover of top ten drugs and pharmaceutical companies during the study period. It was due to increased domestic and international demand for drugs & pharmaceuticals. The compound annual growth rate for the study period varied the range from 22.74 per cent to 6 per cent. Inter firm comparison shows that the highest growth rate for sales has been recorded in Glenmark Pharmaceuticals Limited followed by Torrent Pharmaceuticals Limited and Lupin Limited. The lowest growth rate calculated in GlaxoSmithKline Pharmaceuticals Limited at 6 per cent. Sales Performance in Compound Annual Growth Rate of Top Ten Drugs & Pharmaceutical Companies in India from 2006-2007 to 2015-2016 shown in Figure 2. As per Table 4 these companies are ranked according to the sales performance.

1. Cipla Limited
2. Dr.Reddy's Laboratories Limited

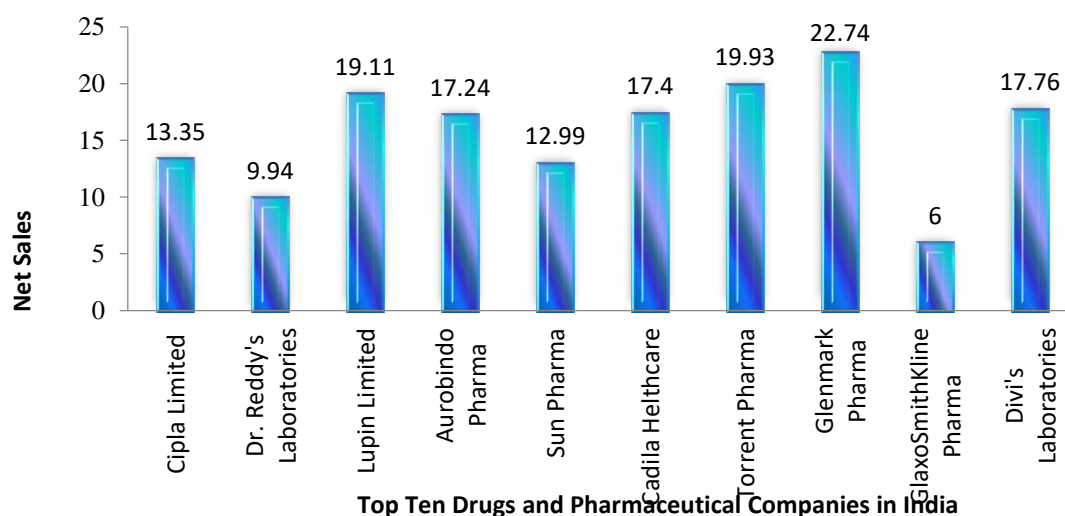
3. Lupin Limited
4. Cadila Health care Limited
5. Sun Pharmaceutical Industries Limited
6. Cadila Healthcare Limited
7. Torrent Pharma (P) Limited
8. Glenmark Pharmaceuticals Limited
9. GlaxoSmithKline Pharmaceuticals Limited
10. Divi's Laboratories Limited

It is seen from Table 4 that from sales performance point of view, Cipla Limited stands first followed by Dr.Reddy's Laboratories Limited, Lupin Limited, Cadila Health care Limited and Sun Pharmaceuticals Industries Limited. Ranking of Top Ten Pharmaceutical Companies in India based on Sales Turnover from 2006-2007 to 2015-2016 is presented in Figure 3.

TABLE 4: Sales Performance of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-16

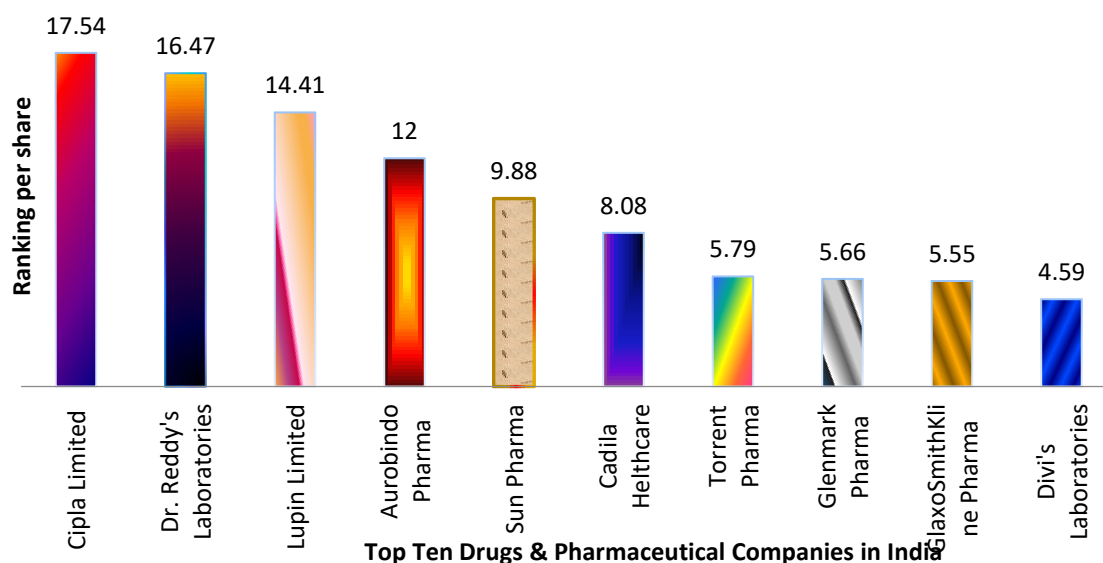
Year	₹ in crores									
	Cipla Limited	Dr. Reddy's Laboratories Limited	Lupin Limited	Aurobindo Pharma(P) Limited	Sun Pharmaceutical Industries Limited	Cadila Healthcare Limited	Torrent Pharmaceuticals Limited	Glenmark Pharmaceuticals Limited	GlaxoSmithKline pharmaceuticals Limited	Divi's Laboratories Limited
2006-2007	3438.24	3955.66	1962.96	1867.40	2243.18	1413.50	881.6	808.16	1538.42	725.4
2007-2008	3997.90	3365.20	2523.63	2278.51	3151.92	1642.70	984.59	1371.33	1570.30	1033.22
2008-2009	4960.60	4158.90	2899.15	2755.53	3861.55	1698.50	1167.27	854.56	1665.29	1191.11
2009-2010	5359.52	4512.20	3640.09	3200.70	2485.51	1832.90	1422.60	1022.10	1872.65	929.29
2010-2011	6135.16	5242.80	4494.88	4133.12	3107.57	2920.30	1751.73	1210.75	2111.64	1314.87
2011-2012	6977.50	6739.70	5384.83	4281.45	4015.56	3150.80	2076.04	1619.98	2375.88	1844.93
2012-2013	8202.42	8370.40	7122.51	5425.10	2432.14	3527.40	2766.23	2025.38	2626.44	2128.89
2013-2014	9380.29	9728.00	8939.38	7110.71	2828.79	4042.10	3364.87	2393.86	2546.15	2513.96
2014-2015	10131.78	10011.00	9752.47	8095.10	8028.44	5284.40	3475.55	5203.90	3287.57	3084.00
2015-2016	12034.06	10207.70	11280.07	9166.18	7614.46	7035.30	5428.94	6273.25	2756.96	3721.33
Total	70617.5	66291.6	58000	48313.8	39769.1	32547.9	23319.4	22783.3	22351.3	18487
Average	7061.747	6629.156	5799.997	4831.38	3976.912	3254.79	2331.942	2278.327	2235.13	1848.7
Per cent share	17.54	16.47	14.41	12.00	9.88	8.08	5.79	5.66	5.55	4.59
Rank	1	2	3	4	5	6	7	8	9	10
CAGR	13.35	9.94	19.11	17.24	12.99	17.40	19.93	22.74	6.00	17.76

Source: <http://www.capitaline.com>



Source: Table 4

FIGURE 2: Compound Annual Growth Rate based on Sales Performance of Top Ten Drugs and Pharmaceuticals Companies in India from 2006-2007 to 2015-2016.



Source: Table 4

FIGURE 3: Ranking of Top Ten Drugs and Pharmaceutical Companies in India based on Sales Turnover from 2006-2007 to 2015-2016

4. ANOVA

Analysis of variance is a tool used to test the differences amount the means of populations by examining the amount of variation within each of these groups, examples, relative to the amount of variation between the samples.

ANOVA and Liquidity Position

Ho₁: There is no significant difference in the Liquidity Position of Top Ten Drugs and Pharmaceutical Companies in India.

Ha₁: All the Top Ten Drugs and Pharmaceutical Companies in India are equally sound in respect of Liquidity Position.

Table 5 exhibits the ANOVA results of liquidity position of top ten drugs and Pharmaceutical companies in India during the study period.

TABLE 5: Liquidity Position of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016 - ANOVA Table

Particulars	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Current Assets	Between Groups	201908100.354	9	22434233.373	12.708	.000
	Within Groups	158877774.739	90	1765308.608		
	Total	360785875.093	99			
Current Liabilities	Between Groups	26530062.633	9	2947784.737	5.039	.000
	Within Groups	52652273.750	90	585025.264		
	Total	79182336.383	99			
Inventories	Between Groups	25170308.009	9	2796700.890	12.455	.000
	Within Groups	20208772.761	90	224541.920		
	Total	45379080.770	99			
Working Capital	Between Groups	100892910.483	9	11210323.387	12.338	.000
	Within Groups	81771998.043	90	908577.756		
	Total	182664908.527	99			

Source: Computed from Table 1

Table.5 shows the results of ANOVA. The F Value of ANOVA in respects of Current assets, current liabilities, inventories and working capital of top ten drugs and pharmaceutical companies are 12.708, 5.039, 12.455, 12.338

respectively and its level of significance is 0.000. As the level of significance is less than 0.05, the null hypothesis is rejected and alternative hypothesis is accepted.

Therefore, it is inferred that there exist significant difference in the mean value of current assets, current liabilities, inventories and working capital in respects of top ten drugs and pharmaceutical companies during the study period.

ANOVA and Solvency Position

Ho₂: There is no significant difference in the Solvency Position of Top Ten Drugs and Pharmaceutical Companies in India.

Ha₂: All the Top Ten Drugs and Pharmaceutical Companies in India are equally sound in respect of Solvency Position.

Table 6 exhibits the ANOVA of solvency position of top ten drugs and Pharmaceutical companies in India during the study period from 2006-2007 to 2015-2016.

TABLE 6: Solvency Position of Top Ten Drugs and Pharmaceutical Companies in India from 2006-2007 to 2015-2016 - ANOVA Table

Particulars	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Total Debt	Between Groups	43003253.283	9	4778139.254	4.161	.000
	Within Groups	103347607.166	90	1148306.746		
	Total	146350860.449	99			
Total Assets	Between Groups	1260666090.667	9	140074010.074	7.189	.000
	Within Groups	1753504875.757	90	19483387.508		
	Total	3014170966.424	99			
Shareholders' Funds	Between Groups	677178441.937	9	75242049.104	8.144	.000
	Within Groups	831459277.802	90	9238436.420		
	Total	1508637719.740	99			

Source: Computed from Table.2

Table 6 shows the ANOVA results in respects of total debt, total Assets and Shareholders funds of top ten drugs and pharmaceutical companies in India and its calculated F value are 4.161, 7.189, and 8.144 respectively. As the level of significance is less than the 0.05, the null hypothesis is rejected and alternative hypothesis is accepted.

Therefore, it is inferred that there exist significant difference in the mean value of total debt, total assets and shareholders' funds in respects of top ten drugs and pharmaceutical companies during the study period.

ANOVA and Profitability Position

Ho₃: There is no significant difference in the Profitable Position of Top Ten Drugs and Pharmaceutical Companies in India.

Ha₃: All the Top Ten Drugs and Pharmaceutical Companies in India are equally sound in respect of Profitable Position.

Table 7 exhibits the ANOVA of Profitability Position of top ten drugs and Pharmaceutical companies in India during the study period from 2006-2007 to 2015-2016.

TABLE 7: Profitability Position of Top Ten Drugs and Pharmaceutical Companies in India- ANOVA Table

Particulars	Source of Variation	Sum of Squares	Df	Mean Square	F	Sig.
Gross Profit	Between Groups	21530429.515	9	2392269.946	3.427	.001
	Within Groups	62817173.748	90	697968.597		
	Total	84347603.263	99			
Operating Profit	Between Groups	20907617.786	9	2323068.643	3.373	.001
	Within Groups	61988562.604	90	688761.807		
	Total	82896180.390	99			
Net Profit	Between Groups	9925284.489	9	1102809.388	2.412	.017
	Within Groups	41156545.134	90	457294.946		
	Total	51081829.623	99			

Source: Computed from Table.3

Table 7 shows the ANOVA results in respects of gross profit, operating Profit and Net Profit of top ten drugs and pharmaceutical companies in India and its calculated F values are 3.427, 3.373 and 2.412 respectively and its level of significance is less the 0.05, so the null hypothesis is rejected and alternative hypothesis is accepted.

Therefore, it is inferred that there exist significant difference in the mean value of gross profit, operating profit and net profit in respects of top ten drugs and pharmaceutical companies during the study period.

5. FINDINGS

1. The liquidity and solvency positions of the companies selected for the study are almost equal and not satisfactory. So effective management & their working capital, liquidity position and solvency position is to be take care of.
2. The profitability position of these companies shows a fluctuating trend, so they should pay more attention to improve their profitability. The management should try to control the over the expenses and disbursement cost in order to increase the profit.
3. Looking at the overall sales performance Cipla Limited stood first position. Dr.Reddy's Laboratories Limited, Lupin Limited ranked second and third position, followed by Aurobindo Pharma (P) Limited, Sun Pharmaceutical Industry Limited and others during the year 2016.

6. SUGGESTIONS

1. In order to achieved overall improvement an effective coordination should be maintained among various departments of the companies and especially among the finance department, PPIC department and sales department. It will help to determine requirement of working capital, proper management of assets, proper production planning and increase the sales volume.
2. The production planning and inventory control (PPIC) department of pharmaceutical companies should be more efficient in managing the inventory so that the raw materials are not unnecessarily purchased earlier that blocks the capital as well as increases the carrying cost of inventory. If it is not possible to do so, the company can expand its activities without investing addition capital.
3. Cost cutting measures should be followed scrupulously so that the cost of production could be kept under possible.

7. CONCLUSION

The wealth of a nation is in its healthy people. Similarly, the health of a company can be determined by the wealth it possesses and creates. The pharmaceutical industry has gained an important place among others. Since it safeguards the well-being of the people. This study analyses the financial position of top ten drugs pharmaceutical companies in India. As a conclusion, from the above analysis it is found that pharmaceutical companies is concentrating on its financial position by reducing its expenses and cost. In India, and globally too the pharmaceutical sector had a good growth in recent years. This has accounted for the growth of the above top ten drugs and pharmaceutical companies of India. The income of people has moved from the lower income brackets, which have made move people resort to quality healthcare and medicines. Hence the companies see a consistent growth in the financial position.

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