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FINANCIAL ANALYSIS OF SELECT MULTINATIONAL PHARMACEUTICAL COMPANIES IN INDIA

Dr.M.Jegadeesh Waran[1]

[1]Assistant Professor,
Department of Commerce,
Bharathiar University,
Coimbatore – 46, Tamil Nadu, India.

R.Ramapriya[1]

[1]M.Phil Research Scholar,
Department of Commerce,
Bharathiar University,
Coimbatore – 46,
Tamil Nadu, India.

ABSTRACT

Indian Pharmaceutical Industry has played a key role in promoting and sustaining development in the vital field of medicines. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. The objective of the present study is to analyze the profitability and liquidity performance of select multinational pharmaceutical companies in India. The period of the study is from 2000-01 to 2014-15. The findings of the study indicates that short term liquidity ratios, like current ratio and liquid ratio are satisfactory only in the GlaxoSmithKline, the Cipla, the Aurobindo Pharma, the Abbott, the Sun Pharma, the Dr.Reddy's and the Biocon during the study period these companies able to meet short term financial obligations. The Ranbaxy, the Pfizer and the Lupin should pay more attention to improve their current and liquid assets.

KEYWORDS: *net profit, return on assets, return on capital employed, return on equity , standard deviation, coefficient of variation and compound annual growth rate.*

I. INTRODUCTION

The Indian Pharmaceutical business is an achievement story providing employment for millions and ensuring that fundamental drugs at reasonable prices are accessible to the huge population of this sub-continent. The Indian Pharmaceutical business nowadays is in the facade rank of India's science-based industries with extensive capabilities in the intricate field of drug construct and expertise. It's position extremely high in the third globe, in terms of technology, worth and series of medicines manufactured. Nearly every kind of medication is now made indigenously and it is in performance an input role in promoting and supporting expansion in the very important field of medicines. Indian Pharmacy manufacturing boasts of excellence producers and numerous units have been permitted by the regulatory authorities in United States of America and United Kingdom. Worldwide companies connected with this segment have inspired, assisted and spearheaded this energetic improvement in the past 53 years and helped to put India on the pharmaceutical record of the globe. The Indian Pharmaceutical sector is extremely uneven with more than 20,000 registered units. It has extended considerably in the last two decades. The top 250 Pharmaceutical Companies is in charge of 70 per cent of the market with market head holding virtually 7 per cent of the market share. It is an extremely split market with severe price competition and government price control. The Pharmaceutical Industry in India has little costs of manufacturing, low Research and development costs, original scientific manpower, strength of national

laboratories and an increasing balance of trade. The Pharmaceutical industry, among its rich scientific talents and research capabilities supported by intellectual property protection system is well set to take on the worldwide market place.

II. REVIEW OF LITERATURE

Chakraborty (2008)[1] evaluated the relationship between working capital and profitability of Indian pharmaceutical companies. He pointed out that there were two distinct schools of thought on this issue. According to one school of thought, working capital is not a factor of improving profitability and there may be negative relationship between them, while according to the other school of thought, investment in working capital plays a vital role in improve corporate profitability, and unless there is a minimum level of investment of working capital, output and sales cannot be maintained in fact, the inadequacy of working capital would keep fixed asset inoperative.

Agarwal (2008)[2] devised the working capital decision as a goal programming problem, giving primary importance to liquidity, by targeting the current ratio and quick ratio. The model included three liquidity goals, two profitability goals, and at a lower priority level, four current asset sub-goals and a current liquidity sub-goal (for each component of working capital). In particular, the profitability constrain were designed to capture the opportunity cost of excess liquidity (in terms of reduced of profitability).

Sarnga Phani (2014)[4] has found out that there is evidence to prove that there is a direct relationship between internal efficiencies and higher growth. He has concluded that irrespective of the growth strategies adopted by the individual firms, internal efficiencies will have a higher profitability of survival and growth. Thus the internal efficiencies would help firms in the Indian pharmacy industry to overcome any new challenges arising of the change in patent process from the year 2005.

Selvam et al (2015) made an attempt to study the overall financial performance and financial health on viability of India Cements Ltd, they applied 'Z' score analysis to evaluate the general trend in the financial trend in the financial health of an enterprise over a period from 1998 to 2002. They concluded that most of the Cement companies in India have been caught in a vicious down cycle facing a threat to their viability.

III. STATEMENT OF THE PROBLEM

The growth of industries depends on numerous factors such as monetary, human resources, technology, excellence of the produce and selling. Out of these, financial and operating aspects presume a momentous role in determining the expansion of industries. All of the company's operations practically have an effect on its need for cash. The majority of the statistics covering operational areas are however the straight responsibility of the financial executive. Unless the top administration appreciates the value of a good monetary and operating examination, there will be enduring difficulty for the monetary executives to find the profitability, liquidity, solvency and working capital position of the concern. The firms whose present operations are naturally complicated should try to make their financial analysis to facilitate their management to stay on top of its working position. Hence, the researcher wants to know the answers for the following research questions.

- What is the profitability position of select multinational pharmaceutical companies in India?
- What is the liquidity position of select multinational pharmaceutical companies in India?

IV. OBJECTIVES OF THE STUDY

The objectives of the study are

- To analyze the profitability position of the select multinational pharmaceutical companies in India.
- To examine the liquidity position of the select multinational pharmaceutical companies in India.
- To offer findings, suggestions and conclusion of this study.

V. HYPOTHESE OF THE STUDY

The following hypothese have been framed in consonance with the objectives of the study.

- **H_{01}**: There is no significant impact of Liquidity on Net Profit.

VI. RESEARCH METHODOLOGY

Sources of data

Secondary data is used for the study. The required data for the study is collected and compiled from money control website and "PROWESS" database of Centre for Monitoring Indian Economy (CMIE) for the period from 2000-01 to 2014-15 which is a reliable and empowered corporate database. In addition to this, supportive data is collected from books, journals, annual reports and various news-papers.

Period of the Study

The study covers a period of fifteen years from the financial year 2000-01 to 2014-15.

Selection of the Sample

There are 236 companies listed in Indian Pharmaceutical Sector, from these companies, there are 201 companies consistently listed and out of which sample of 10 Multinational Pharmaceutical companies have been selected on the basis of market

capitalization for the study. Certain companies are excluded owing to irregular and / or inconsistent financial data support.

The following are the select Multinational Pharmaceutical Companies.

Table 1: List of Companies

S.No	Company Name	S. No	Company Name
1	Abbott India Ltd	6	Sun Pharmaceuticals India Ltd
2	Biocon Ltd	7	Lupin Ltd
3	GlaxoSmithKline Pharmaceuticals Ltd	8	Dr. Reddy's Laboratories Ltd
4	Ranbaxy Laboratories Ltd	9	Aurobindo Pharma Ltd
5	Pfizer Ltd	10	Cipla Pharmaceuticals Ltd

Tools used for analysis

The data analysis was done using Ratio Analysis and statistical tools like mean, standard deviation, coefficient of variation, compound annual growth rate and regression.

VII. Profitability Analysis of Select Multinational Pharmaceutical Companies in India

Table 2

Net Profit Ratio

(In Percentage)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddys	Aurobindo	Cipla
2000-01	13.77	11.87	4.29	12.87	10.80	24.10	7.17	15.71	7.22	18.22
2001-02	1.37	12.65	9.22	11.90	12.14	24.59	8.07	30.77	7.00	18.24
2002-03	15.74	35.87	15.56	5.01	20.49	29.17	7.10	25.56	9.27	16.97
2003-04	21.85	14.03	24.35	7.16	20.82	28.51	12.40	17.05	10.13	15.95
2004-05	11.65	24.84	34.06	10.31	13.91	30.35	7.26	4.23	3.23	18.17
2005-06	11.23	26.81	35.38	14.50	5.82	35.71	11.05	10.54	4.98	20.38
2006-07	10.99	19.19	34.06	46.35	9.14	37.83	15.21	31.11	12.21	18.75
2007-08	8.90	52.15	34.40	41.03	14.39	42.81	17.22	14.21	13.01	16.69
2008-09	9.81	12.36	27.19	16.47	-22.46	45.60	14.11	14.02	4.60	14.84
2009-10	5.88	22.01	26.52	18.07	11.96	48.70	17.22	19.25	16.17	19.29
2010-11	8.07	16.42	18.12	16.85	20.34	44.52	14.93	16.84	14.37	15.16
2011-12	8.75	14.22	21.94	47.92	-39.13	42.27	17.69	15.00	-0.99	16.10
2012-13	8.63	14.97	19.71	19.86	-2.58	21.23	25.99	19.86	9.14	18.37
2013-14	10.00	16.11	14.34	3.77	-12.80	-99.99	24.58	16.77	16.48	14.80
2014-15	9.87	34.80	13.60	11.04	-11.23	-18.38	25.57	13.26	16.10	11.65
Mean	**10.43**	**21.89**	**22.18**	**18.87**	**3.44**	**22.47**	**15.04**	**17.61**	**9.53**	**16.91**
S.D	**43.61**	**11.42**	**9.80**	**14.39**	**17.62**	**37.55**	**6.53**	**7.13**	**5.25**	**2.23**
C.V	**417.95**	**52.19**	**44.17**	**76.22**	**512.12**	**167.14**	**43.40**	**40.46**	**55.11**	**13.17**
CAGR	**-0.02**	**0.07**	**0.08**	**-0.01**	**-2.00**	**-1.98**	**0.09**	**-0.01**	**0.05**	**-0.03**

Source: *Complied and calculated from the data published in money control website*

Chart 1
Net Profit Ratio

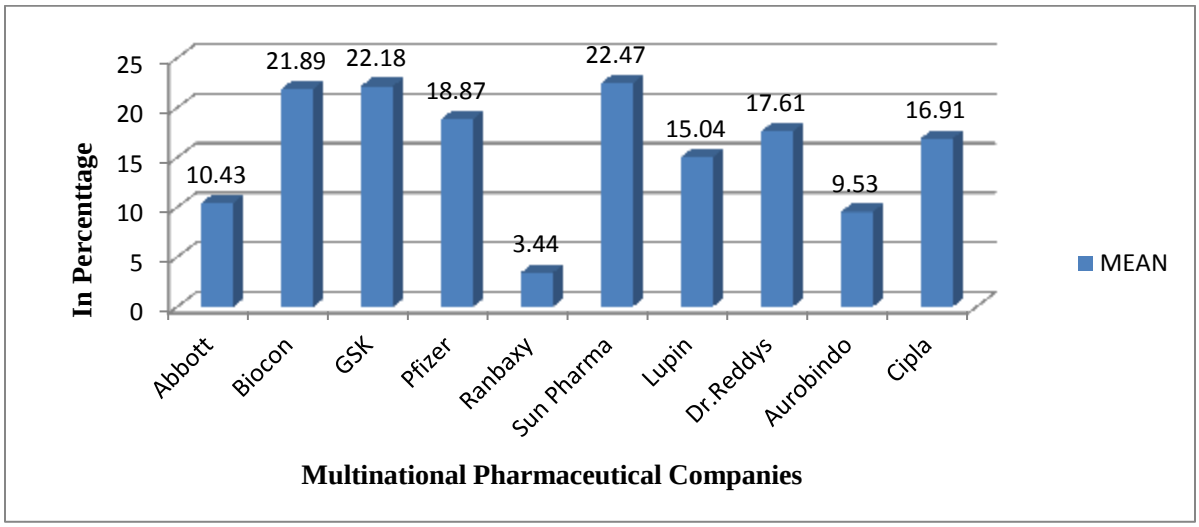

Table 2 reveals the net profit ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The Sun Pharma Ltd has the highest average net profit ratio of 22.47 per cent and the Ranbaxy laboratories has the lowest average net profit ratio of 3.44 per cent.

The Ranbaxy Laboratories Ltd has the highest co-efficient variance of net profit ratio of 512.12 per cent. The Cipla Pharma Ltd has the lowest co-efficient variance of net profit ratio of 13.17 per cent and it is found that there is more consistency in net profit ratio than the other Multinational Pharmaceutical Companies.

The Lupin Pharma Ltd has the highest growth rate of net profit ratio of 0.09 per cent. The Ranbaxy Laboratories Ltd has the low growth rate of net profit ratio of -2.00 per cent and it is found to be unstable in net profit ratio.

Table 3
Operating Profit Ratio

(In Percentage)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddy's	Aurobindo	Cipla
2000-01	14.81	25.52	2.40	21.61	14.05	28.78	18.07	28.40	14.17	23.75
2001-02	18.63	21.74	15.02	18.04	14.35	29.17	21.12	38.32	12.69	23.77
2002-03	19.19	24.65	21.22	13.13	23.79	33.33	18.10	30.03	17.17	21.87
2003-04	19.86	30.75	26.69	17.19	23.99	23.93	23.23	20.88	18.60	21.96
2004-05	15.06	29.18	28.68	22.52	16.69	11.92	11.96	10.54	11.43	22.41
2005-06	13.4	26.03	33.21	24.49	5.09	1.17	18.35	15.83	13.02	23.27
2006-07	13.11	22.73	36.84	23.45	15.18	-3.29	16.8	35.08	14.86	23.07
2007-08	10.96	21.14	37.47	23.26	9.66	8.38	21.02	17.43	14.21	20.27
2008-09	12.31	23.15	37.61	21.93	5.51	2.91	19.43	18.95	18.49	23.78
2009-10	6.75	23.33	37.3	21.49	13.65	13.63	22.79	24.76	23.29	24.63
2010-11	11.77	21.43	32.93	18.15	22.51	42.60	21.57	22.88	17.65	20.86
2011-12	12.21	20.93	31.14	17.82	13.77	43.79	26.45	23.54	26.99	22.67
2012-13	11.68	21.48	20.50	21.46	7.03	21.07	32.57	28.38	26.99	25.83
2013-14	13.64	19.17	19.08	20.66	-4.73	0.60	34.58	23.88	27.79	21.20
2014-15	13.94	18.90	17.31	21.37	-4.71	-6.96	35.81	23.55	26.71	19.35
Mean	**13.82**	**23.34**	**26.49**	**20.44**	**11.72**	**16.74**	**22.79**	**24.16**	**18.94**	**22.58**
Std. Dev	**3.42**	**3.39**	**10.34**	**3.00**	**8.94**	**16.49**	**6.83**	**7.23**	**5.88**	**1.72**
C.V	**24.73**	**14.51**	**39.02**	**14.69**	**76.27**	**98.52**	**29.98**	**29.90**	**31.07**	**7.60**
CAGR	**0.00**	**-0.02**	**0.14**	**0.00**	**-1.93**	**-1.91**	**0.05**	**-0.01**	**0.04**	**-0.01**

Source: *Complied and calculated from the data published in money control website*

Chart 2
Operating Profit Ratio

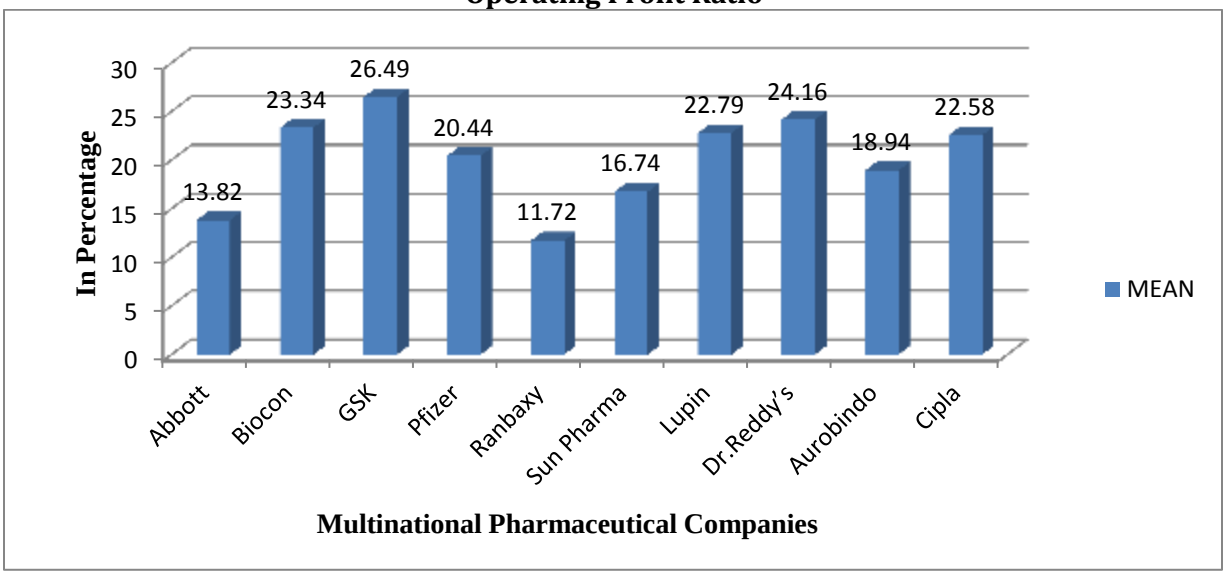

Table 3 reveals the Operating profit ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The GlaxoSmithKline Ltd has the highest average operating profit ratio of 26.49 per cent and the Ranbaxy laboratories has the lowest average operating profit ratio of 11.72 per cent.

The Sun Pharma Ltd has the highest co-efficient variance of operating profit ratio of 98.52 per cent. The Cipla Pharma Ltd has the lowest co-efficient variance of operating profit ratio of 7.60 per cent and it is found that there is more consistency in operating profit ratio than the other Multinational Pharmaceutical Companies.

The GlaxoSmithKline Pharma Ltd has the highest growth rate of operating profit ratio of 0.14 per cent. The Ranbaxy Laboratories Ltd has the low growth rate of operating profit ratio of -1.93 per cent and it is found to be unstable in operating profit ratio.

Table 4
Return on Equity Ratio

(In Percentage)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddy's	Aurobindo	Cipla
2000-01	37.93	25.92	7.85	27.95	11.53	29.05	16.63	26.11	26.65	25.08
2001-02	3.33	23.75	16.93	24.65	15.68	31.98	21.26	31.53	18.90	26.73
2002-03	46.40	28.74	25.80	8.92	33.12	33.24	19.11	21.70	19.26	23.38
2003-04	54.31	23.09	36.04	13.28	34.23	27.99	32.58	13.83	16.05	24.46
2004-05	27.33	25.11	52.93	18.09	21.02	27.65	16.85	3.16	4.26	26.54
2005-06	24.41	16.65	45.66	24.04	8.92	31.49	28.37	9.33	7.66	30.78
2006-07	29.62	16.84	39.51	52.25	16.19	25.68	34.00	26.91	24.65	20.70
2007-08	27.96	32.77	37.41	33.25	24.34	24.10	33.66	9.88	23.82	18.72
2008-09	28.69	8.14	29.12	13.77	-28.11	24.56	30.32	10.67	9.73	17.89
2009-10	19.95	15.87	29.19	19.45	13.83	15.72	25.64	14.31	27.46	18.31
2010-11	22.12	23.60	22.43	14.15	22.38	20.71	25.69	14.84	23.11	14.54
2011-12	22.37	12.19	28.72	29.70	-158.56	21.55	21.54	13.58	-1.71	14.90
2012-13	25.19	12.50	24.88	33.54	-8.45	6.63	26.01	16.26	16.88	17.01
2013-14	24.42	13.65	25.47	3.54	-80.13	-38.18	33.30	20.72	29.21	13.77
2014-15	23.44	13.98	21.85	10.52	-80.11	-6.47	26.56	15.79	28.29	10.66
Mean	**27.83**	**19.52**	**29.59**	**21.81**	**-10.27**	**18.38**	**26.10**	**16.57**	**18.28**	**20.23**
Std. Dev	**11.73**	**7.10**	**11.35**	**12.40**	**54.75**	**18.84**	**6.01**	**7.57**	**9.48**	**5.74**
C.V	**42.15**	**36.39**	**38.36**	**56.84**	**-532.91**	**102.52**	**23.02**	**45.67**	**51.87**	**28.36**
CAGR	**-0.03**	**-0.04**	**0.07**	**-0.06**	**-2.14**	**-1.90**	**0.03**	**-0.03**	**0.00**	**-0.06**

Source: *Complied and calculated from the data published in money control website*

Chart 3
Return on Equity Ratio

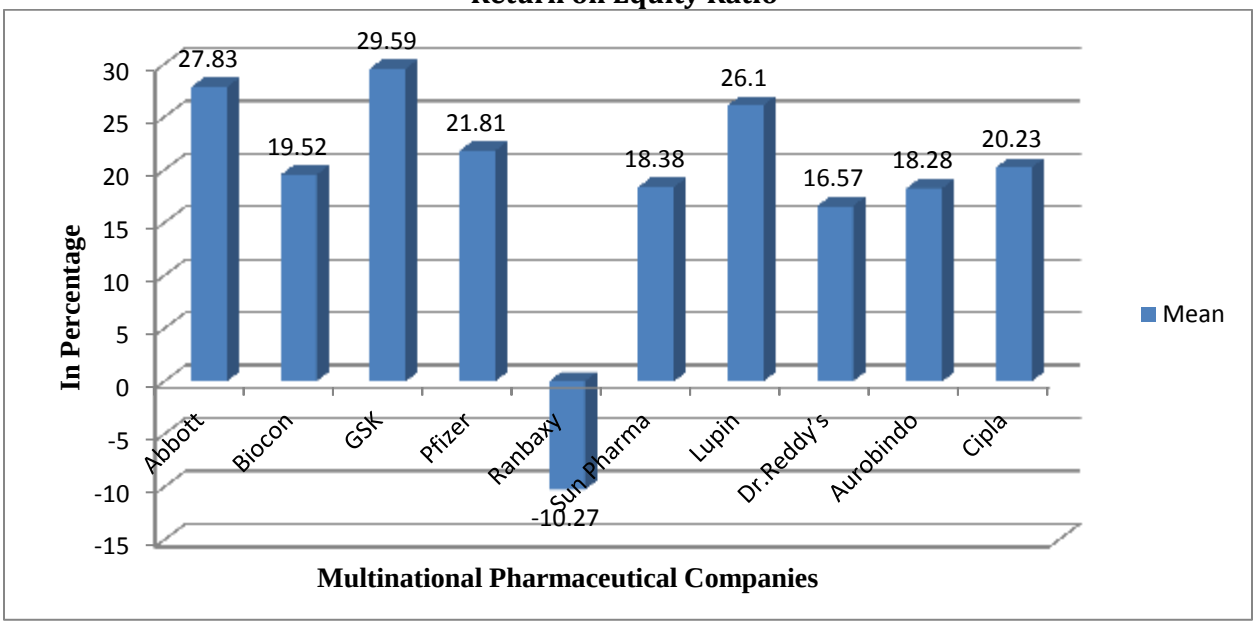

Table 4 understood the return on equity ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The GlaxoSmithKline Ltd has the highest average return on equity ratio of 29.59 per cent and the Ranbaxy laboratory has the lowest average return on equity ratio of -10.27 per cent.

The Sun Pharma Ltd has the highest co-efficient variance of return on equity ratio of 102.52 per cent.]

T=he Ranbaxy Laboratories Ltd has the very lowest co-efficient variance of return on equity ratio of -532.91 per cent and it is found that there is more consistency in return on equity ratio than the other Multinational Pharmaceutical Companies.

The GlaxoSmithKline Pharma Ltd has the highest growth rate of return on equity ratio of 0.07 per cent. The Ranbaxy Laboratories Ltd has the low growth rate of return on equity ratio of -2.14 per cent and it is found to be unstable in return on equity ratio.

Table 5
Return on Capital Employed Ratio

(In Percentage)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddys	Aurobindo	Cipla
2000-01	76.93	46.79	2.36	22.78	2.21	12.57	2.34	4.48	2.91	6.92
2001-02	8.31	38.01	4.63	7.95	2.52	14.42	3.25	7.21	2.07	4.88
2002-03	66.50	83.99	14.61	8.16	2.57	1.22	3.30	7.80	2.35	3.18
2003-04	105.76	20.48	18.54	21.23	4.37	27.41	8.87	4.20	1.88	2.53
2004-05	39.42	101.55	53.15	24.68	1.97	15.13	4.43	1.36	0.64	2.38
2005-06	23.86	26.32	49.28	43.90	0.78	13.85	4.12	2.48	0.81	1.78
2006-07	12.58	8.95	97.18	71.86	0.90	11.33	3.50	3.24	1.57	1.32
2007-08	11.56	27.14	69.64	49.88	1.92	6.88	2.45	1.73	1.37	1.03
2008-09	7.54	5.04	47.49	18.64	1.43	0.09	2.76	1.30	0.35	0.70
2009-10	4.63	7.90	129.37	2.62	-4.09	6.40	1.99	4.17	1.17	0.78
2010-11	1.67	3.06	0.85	1.64	6.48	2.26	1.46	1.21	1.07	0.66
2011-12	1.50	3.58	1.04	3.09	-2.31	2.03	1.04	0.63	-0.06	0.73
2012-13	1.15	3.03	0.94	4.75	-0.09	1.56	0.93	0.61	0.41	0.68
2013-14	1.11	3.06	0.75	0.51	0.65	-14.19	0.86	0.35	0.54	0.56
2014-15	0.96	3.32	0.94	1.10	2.32	5.43	0.83	0.25	0.40	0.36
Mean	**24.23**	**25.48**	**32.72**	**18.85**	**1.44**	**7.09**	**2.81**	**2.73**	**1.17**	**1.90**
Std. Dev	**33.05**	**30.86**	**40.59**	**21.29**	**2.49**	**9.43**	**2.06**	**2.41**	**0.85**	**1.87**
C.V	**136.37**	**121.09**	**124.07**	**112.94**	**172.52**	**132.91**	**73.22**	**88.15**	**72.91**	**98.21**
CAGR	**-0.25**	**-0.16**	**-0.06**	**-0.18**	**0.00**	**-0.05**	**-0.07**	**-0.18**	**0.12**	**-0.18**

Source: *Complied and calculated from the data published in money control website*

Chart 4
Return On Capital Employed

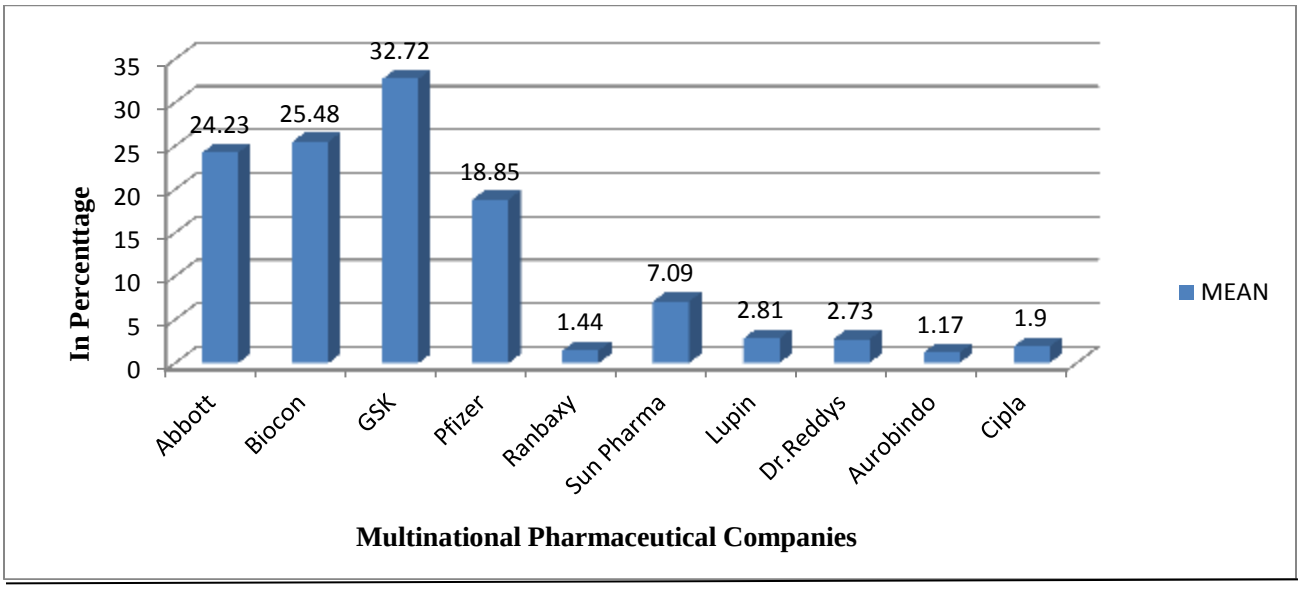

Table 5 reveals the return on capital employed ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The GlaxoSmithKline Ltd has the highest average return on capital employed ratio of 32.72 per cent and the Aurobindo Pharma Ltd has the lowest average return on capital employed ratio of 1.17 per cent.

The Ranbaxy Pharma Ltd has the highest co-efficient variance of return on capital employed ratio of 172.52 per cent. The Aurobindo Pharma Ltd has the lowest co-efficient variance of return on capital employed ratio of 72.91 per cent and it is found that there is more consistency in return on capital employed ratio than the other Pharmaceutical Companies.

The Aurobindo Pharma Ltd has the highest growth rate of return on capital employed ratio of 0.12 per cent. The Abbott Pharma Ltd has the low growth rate of return on capital employed ratio of -0.25 per cent and it is found to be unstable in return on capital employed ratio.

VIII. Liquidity Analysis of Select Multinational Pharmaceutical Companies in India

Table 6

Current Ratio

(In Ratio)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddy's	Aurobindo	Cipla
2000-01	1.26	1.71	2.10	1.88	2.20	4.20	3.08	4.19	2.94	2.58
2001-02	1.25	1.63	1.91	2.33	1.87	3.05	2.06	2.95	3.05	2.31
2002-03	1.54	1.55	1.48	1.63	2.29	2.95	1.79	2.19	2.60	2.29
2003-04	1.49	1.52	1.56	1.28	1.65	1.54	1.47	2.14	3.52	2.43
2004-05	1.67	1.11	1.24	1.30	1.70	1.89	1.49	1.69	2.86	2.31
2005-06	2.06	1.49	1.28	1.22	1.76	1.94	1.67	1.68	2.62	2.56
2006-07	2.88	1.99	1.14	1.58	2.02	1.97	1.93	2.31	2.90	3.21
2007-08	1.88	1.93	1.18	1.66	1.64	1.74	2.24	2.04	2.87	2.65
2008-09	3.07	1.93	1.18	1.65	0.59	1.70	1.55	1.92	3.23	2.79
2009-10	2.25	1.65	1.06	5.69	0.91	2.96	2.12	1.30	2.92	2.66
2010-11	3.99	2.47	8.83	7.15	1.13	5.45	2.40	1.93	1.89	2.95
2011-12	4.97	1.93	7.42	9.15	1.30	4.48	2.21	2.36	2.67	2.85
2012-13	4.93	2.05	6.68	2.95	1.86	3.02	2.42	2.50	3.16	2.96
2013-14	4.58	1.99	5.35	2.74	0.65	1.87	3.20	3.41	2.87	2.62
2014-15	4.25	2.96	3.72	2.94	1.85	0.93	3.22	3.48	3.15	2.45
Mean	**2.80**	**1.86**	**3.08**	**3.01**	**1.56**	**2.65**	**2.19**	**2.41**	**2.88**	**2.64**
Std. Dev	**1.39**	**0.44**	**2.66**	**2.40**	**0.53**	**1.26**	**0.59**	**0.79**	**0.37**	**0.27**
C.V	**49.57**	**23.59**	**86.60**	**79.71**	**33.99**	**47.53**	**27.04**	**32.65**	**12.74**	**10.23**
CAGR	**0.08**	**0.04**	**0.04**	**0.03**	**-0.01**	**-0.10**	**0.00**	**-0.01**	**0.00**	**0.00**

Source: *Complied and calculated from the data published in money control website*

Chart 5
Current Ratio

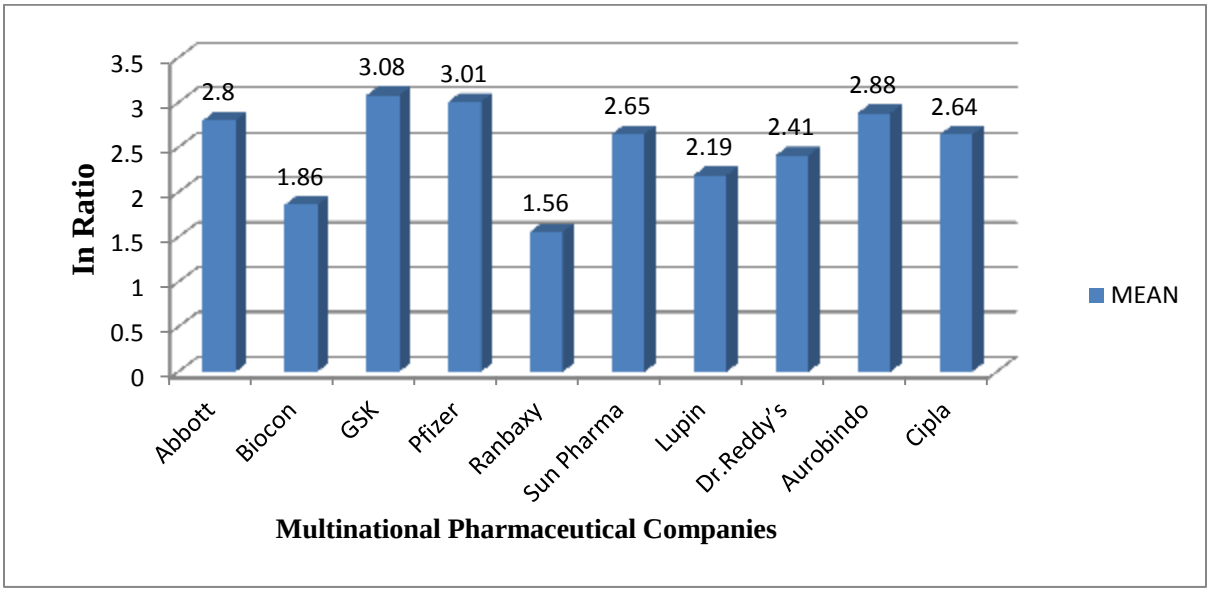

Table 6 reveals the current ratio of select Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The GlaxoSmithKline Ltd has the highest average current ratio of 3.08 per cent and the Ranbaxy laboratory has the lowest average current ratio of 1.56 per cent.

The GlaxoSmithKline Ltd has the highest co-efficient variance of current ratio of 86.60 per cent. The Cipla Pharma Ltd has the lowest co-efficient variance of current ratio of 10.23 per cent and it is found that there is a consistency in the current ratio.

The Abbott Pharma Ltd has the highest growth rate of current ratio of 0.08 per cent. The Sun Pharma Ltd has the low growth rate of current ratio of -0.10 per cent and it is found to be unstable in current ratio.

Table 7
Liquid Ratio

(In Ratio)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddy's	Aurobindo	Cipla
2000-01	0.45	1.10	1.01	1.00	1.49	1.73	2.08	2.76	1.59	0.93
2001-02	0.51	1.19	1.02	1.54	1.04	1.48	1.45	2.08	2.29	0.92
2002-03	0.77	0.95	0.57	0.74	1.30	1.68	1.27	1.32	1.77	0.87
2003-04	0.78	0.88	0.59	0.67	0.69	0.70	0.74	1.42	2.30	1.14
2004-05	0.67	0.79	0.43	0.65	0.81	1.06	0.75	1.02	1.66	1.03
2005-06	0.83	0.98	0.35	0.56	0.85	0.98	0.89	0.97	1.61	1.25
2006-07	1.02	1.30	0.33	0.72	1.06	1.00	1.07	1.65	1.56	1.69
2007-08	0.83	1.12	0.36	0.66	0.81	1.28	1.13	1.23	1.59	1.50
2008-09	1.44	1.19	0.40	0.82	0.28	1.01	0.78	1.29	1.99	1.61
2009-10	0.99	1.08	0.29	4.61	0.51	1.49	1.21	0.72	1.60	1.37
2010-11	2.41	1.72	7.62	6.05	0.53	4.05	1.44	1.22	1.06	1.35
2011-12	3.17	1.13	6.56	8.28	1.01	3.41	1.26	1.60	1.45	1.32
2012-13	3.01	1.29	5.75	2.24	1.32	1.73	1.42	1.79	1.78	1.27
2013-14	3.06	1.32	4.51	1.82	0.36	0.74	2.2	2.61	1.82	1.08
2014-15	3.81	2.20	2.74	2.25	1.30	0.47	1.92	2.66	1.99	0.96
Mean	**1.58**	**1.22**	**2.18**	**2.17**	**0.89**	**1.52**	**1.31**	**1.62**	**1.74**	**1.22**
Std. Dev	**1.16**	**0.35**	**2.60**	**2.32**	**0.37**	**0.98**	**0.46**	**0.64**	**0.32**	**0.26**
C.V	**73.14**	**28.79**	**120.11**	**106.92**	**41.67**	**64.73**	**35.44**	**39.48**	**18.31**	**21.14**
CAGR	**0.15**	**0.05**	**0.07**	**0.06**	**-0.01**	**-0.08**	**-0.01**	**0.00**	**0.02**	**0.00**

Source: *Complied and calculated from the data published in money control website*

Chart 6
Liquid Ratio

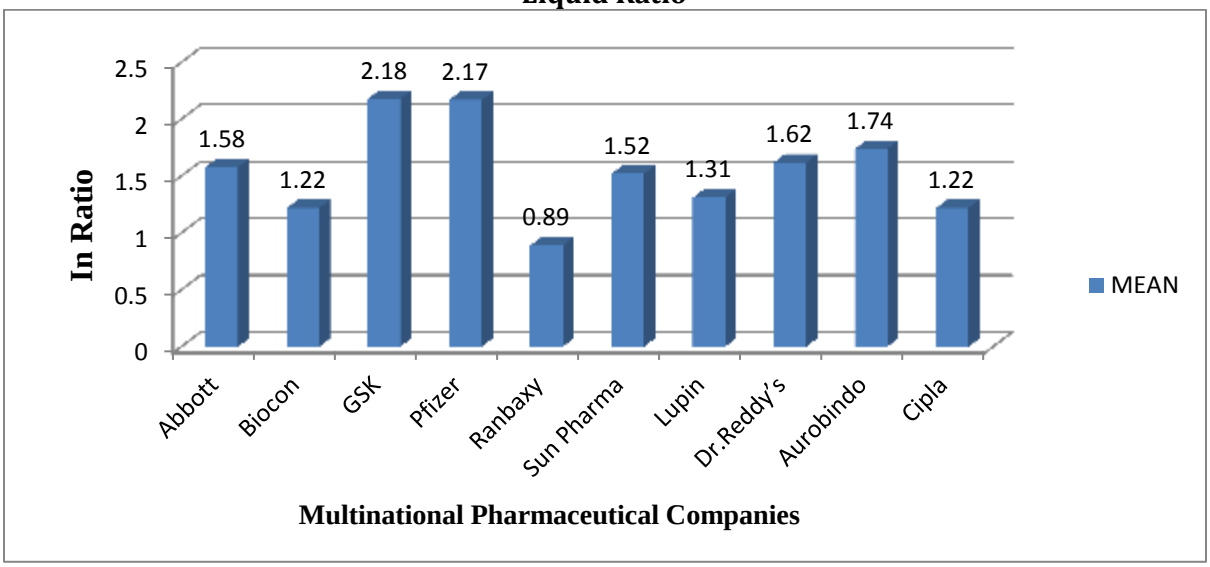

Table 7 understood the liquid ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The GlaxoSmithKline Ltd has the highest average liquid ratio of 2.18 per cent and the Ranbaxy laboratory has the lowest average liquid ratio of 0.89 per cent.

The GlaxoSmithKline Ltd has the highest co-efficient variance of liquid ratio of 120.11 per cent. The Aurobindo Pharma Ltd has the lowest co-efficient variance of liquid ratio of 18.31 per cent and it is found that there is a consistency in the liquid ratio.

The Abbott Pharma Ltd has the highest growth rate of liquid ratio of 0.15 per cent. The Sun Pharma Ltd has the low growth rate of liquid ratio of -0.08 per cent and it is found to be unstable in liquid ratio.

Table 8
Cash Ratio

(In Ratio)

Year	Abbott	Biocon	GSK	Pfizer	Ranbaxy	Sun Pharma	Lupin	Dr.Reddy's	Aurobindo	Cipla
2000-01	0.14	0.01	0.34	0.16	0.03	0.16	0.05	0.16	0.02	0.03
2001-02	0.16	0.02	0.64	0.45	0.11	0.18	0.05	0.05	0.06	0.02
2002-03	0.24	0.01	0.27	0.14	0.16	0.07	0.03	0.07	0.12	0.01
2003-04	0.29	0.01	0.27	0.07	0.02	0.03	0.02	0.16	0.16	0.01
2004-05	0.21	0.08	0.18	0.06	0.34	0.02	0.04	0.09	0.04	0.03
2005-06	0.29	0.03	0.11	0.08	0.03	0.04	0.03	0.04	0.11	0.06
2006-07	0.36	0.02	0.18	0.17	0.03	0.10	0.04	0.2	0.04	0.08
2007-08	0.45	0.02	0.16	0.18	0.06	0.03	0.02	0.09	0.01	0.08
2008-09	0.73	0.02	0.23	0.35	0.01	0.03	0.01	0.07	0.13	0.04
2009-10	0.34	0.18	0.16	1.93	0.01	0.07	0.05	0.03	0.05	0.05
2010-11	1.59	0.57	1.82	2.01	0.02	2.83	0.04	0.04	0.08	0.07
2011-12	2.21	0.09	2.21	2.63	0.35	2.22	0.02	0.49	0.01	0.05
2012-13	2.43	0.38	2.01	1.43	0.87	0.64	0.02	0.42	0.11	0.07
2013-14	2.54	0.39	2.03	1.45	0.14	0.18	0.11	0.33	0.05	0.03
2014-15	2.64	1.16	2.50	1.97	0.16	0.09	0.04	0.43	0.06	0.04
Mean	**0.97**	**0.20**	**0.87**	**0.87**	**0.16**	**0.45**	**0.03**	**0.18**	**0.07**	**0.04**
Std. Dev	**0.99**	**0.32**	**0.93**	**0.92**	**0.23**	**0.87**	**0.02**	**0.16**	**0.05**	**0.02**
C.V	**1.02**	**1.60**	**1.06**	**1.05**	**1.45**	**1.94**	**0.62**	**0.90**	**0.66**	**0.53**
CAGR	**0.22**	**0.37**	**0.14**	**0.18**	**0.12**	**-0.04**	**-0.01**	**0.07**	**0.08**	**0.02**

Source: *Complied and calculated from the data published in money control website*

Chart 7
Cash Ratio

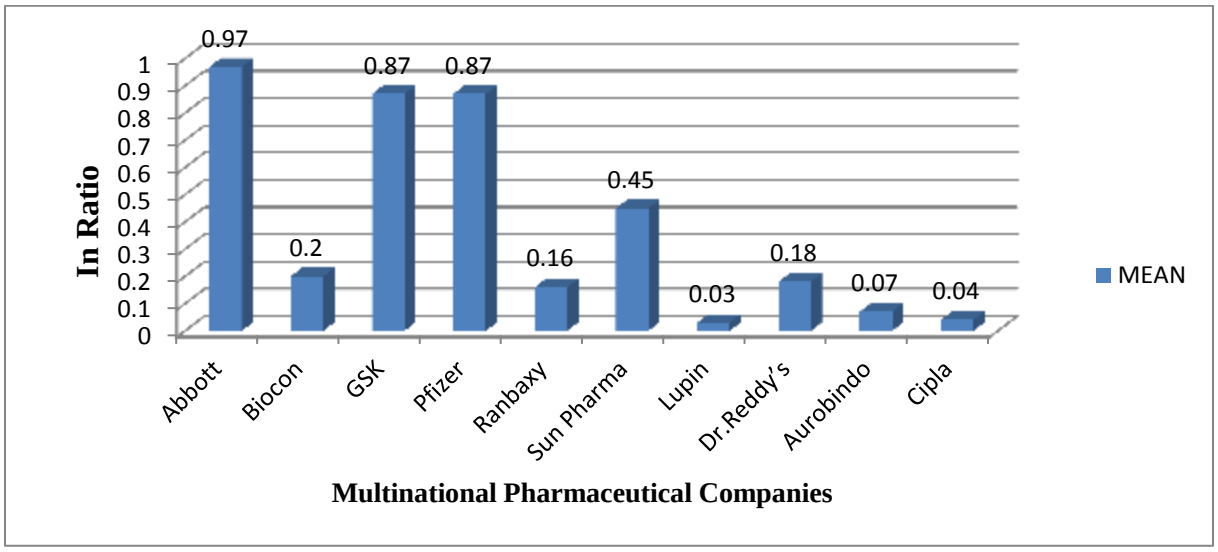

Table 8 reveals the Cash ratio of Multinational Pharmaceutical Companies in India from 2000-01 to 2014-15. The Abbott Pharma Ltd has the highest average cash ratio of 0.97 per cent and the Lupin Pharma has the lowest average cash ratio of 0.03 per cent.

The Sun Pharma Ltd has the highest co-efficient variance of cash ratio of 1.94 per cent. The Cipla Pharma Ltd has the lowest co-efficient variance of cash ratio of 0.53 per cent and it is found to be consistency in the cash ratio.

The Biocon Pharma Ltd has the highest growth rate of cash ratio of 0.37 per cent. The Sun Pharma Ltd has the low growth rate of cash ratio of -0.04 per cent and it is found to be unstable in cash ratio.

XI. Multiple Regression Analysis of Select Multinational Pharmaceutical Companies in India

H_{01}: There is no significant impact of Liquidity on Net Profit.

Table 9
Model Summary

Companies/ Variables	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig .F Change	Durbin-Watson
Abbott	1	.984[a]	.969	.927	1.23339	.001	1.909
Biocon	1	.864[a]	.746	.290	9.62632	.306	1.682
GSK	1	.990[a]	.980	.953	2.12922	.000	1.948
Pfizer	1	.998[a]	.995	.989	1.51665	.000	1.962
Ranbaxy	1	.992[a]	.984	.955	3.72881	.001	2.339
Sun Pharma	1	.992[a]	.984	.955	7.93839	.001	2.919
Lupin	1	.987[a]	.974	.928	1.75544	.002	2.612
Dr.Reddy's	1	.995[a]	.991	.975	1.13154	.000	2.373
Aurobindo	1	.990[a]	.980	.943	1.25662	.001	2.479
Cipla	1	.955[a]	.912	.754	1.10324	.034	3.256

a. Predictors: (Constant), Cash Ratio, Current Ratio, Quick Ratio
b. Dependent Variable: Net Profit Ratio
c. Statistically Significant at 5% level

The above table 9 represents that the Multiple Regression Analysis of Liquidity on Net Profit of Select Multinational Pharmaceutical companies in India in the period of 2000-01 to 2014-15. The Pfizer Pharma shows the highest R-Square value of .995, followed by Dr.Reddy's Laboratories on R-Square value of .991. The lowest R-Square value shows in the Biocon Pharma .746. It is implying that independent variables having 99.1 per cent influence on dependent variable.

Pfizer and Dr.Reddy's pharma has the highest Adjusted R Square value at more than 0.97 which states that all the three independent variables such as cash ratio, current ratio and quick ratio which have more than 97 per cent influence on the net profit margin followed by Ranbaxy and Sun Pharma Limited with 95 per cent significant. Biocon Pharma has the lowest Adjusted R Square is .290 per cent significant.

All the Select Multinational Pharmaceutical Companies P-Value of significant F change which is less than 0.05 at 5 per cent level of significance. Except Biocon pharma having more than 0.05 at 5 per cent level of significance so, it is not significant in Net Profit.

The Durbin-Watson value for most of the Pharmaceutical Companies is around 2 which indicate no problem of auto correlation.

Hence, it is concluded that R-Square value is more than 70 per cent for most of the Pharmaceutical Companies in India which indicates that variation in the dependent variable is explained by the independent variable.

X. FINDINGS

- The Sun Pharma Ltd has the highest average net profit ratio of 22.47 per cent and the Ranbaxy laboratories has the lowest average net profit ratio of 3.44 per cent.
- The Ranbaxy Laboratories Ltd has the highest co-efficient variance of net profit ratio of 512.12 per cent. The Cipla Pharma Ltd has the lowest co-efficient variance of net profit ratio of 13.17 per cent and it is found that there is more consistency in net profit ratio than the other Multinational Pharmaceutical Companies.
- The GlaxoSmithKline Ltd has the highest average operating profit ratio of 26.49 per cent and the Ranbaxy laboratories has the lowest average operating profit ratio of 11.72 per cent.
- The GlaxoSmithKline Ltd has the highest average return on equity ratio of 29.59 per cent and the Ranbaxy laboratory has the lowest average return on equity ratio of -10.27 per cent.
- The GlaxoSmithKline Ltd has the highest average return on capital employed ratio of 32.72 per cent and the Aurobindo Pharma Ltd has the lowest average return on capital employed ratio of 1.17 per cent.
- Liquidity ratios, like current ratio, quick ratio and cash ratio are satisfactory in GlaxoSmithKline, Cipla, Aurobindo

Pharma, Abbott, Sun Pharma, Dr.Reddy's and Biocon during the study period. Ranbaxy, Pfizer and Lupin should pay more attention to improve their current and liquid assets.

SUGGESTIONS

- In some of the select multinational pharmaceutical companies, the current ratio, quick ratio and the cash ratio positively influenced the net profit ratio. Hence, all other pharmaceutical companies have to take up initiative these ratios.
- The debt equity ratio shows the fluctuating trend, so the companies should pay more attention to improve its debt and equity position.
- The companies should utilize an innovative technology and it may increase the product range. This will increase the export sales. The result will be increasing the foreign exchange earnings.
- The companies may concentrate on their cost of production, investment in fixed assets and their sales turnover to improve their profitability.

CONCLUSION

The present study is attempted to know the profitability and liquidity of select multinational pharmaceutical companies in India during the study period. The present study concluded that the Short term Liquidity position are satisfactory only in GlaxoSmithKline, Cipla, Aurobindo Pharma, Abbott, Sun Pharma, Dr.Reddy's and Biocon during the study period. Ranbaxy, Pfizer and Lupin should pay more attention to improve their current and liquid assets. The study suggested that the short term liquidity position is fluctuating trend, so the companies should pay more attention to improve short term liquidity position. The industries should try to retain the talented workforce to improve the operational efficiency of the pharmaceutical industries. The management should further try to control the over the expenses and disbursement cost in order to increase the profit.

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