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Financial health analysis of select pharmaceutical companies in current scenario

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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 solvency performance of select pharmaceutical companies in India. The period of the study is from 2005- 2006 to 2014- 2015. The major finding of study indicates that Short term solvency ratios, like current ratio and liquid ratio are satisfactory only in the Sun pharmacy, the Dr Reddy, the Glenmark, the Arobindo pharmacy during the study period these companies able to meet short term financial obligations. The Lupin pharmacy, the Cipla pharmacy, the Torrent pharmacy, the Divis pharmacy, the Gloxo smith cline, the Cdilla should pay more attention to improve their current and liquid assets.

Keywords: Indian pharmaceutical industries, Profitability, net profit, Return on Asset, Return on capital employed, Return Equity, current Ratio, Liquid Ratio, Mean, Standard Deviation, Co Efficient of Variation, CAGR and Regression.

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 percent of the market with market head holding virtually 7 percent 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 manufacture, low R&D 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 marketplace.

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 liability 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).

Rfuse (2010) [3] says that attempts to improve working capital by developing payment to creditors are counter-productive, and that altering debtor and creditor levels of individual tiers within a value system will rarely produce any net benefit. He proposed that stock reduction generates system-wide financial improvements and other improvements and other important benefits, and suggested that to achieve this, companies should focus on stock management strategies based on "lean supply-chain" techniques.

Sarnga Phani (2014) [5] 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.

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 position, solvency 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 pharmaceutical companies in India?
- What is the solvency position of select pharmaceutical companies in India?

Objectives of the Study

The objectives of the study are

- To analyze the profitability position of the select pharmaceutical companies in India
- To examine the liquidity position of select pharmaceutical companies in India.

Research Methodology

Sources of data

The data composed for the study is secondary. The necessary data for the study were collected from Company annual reports, journals, magazines and money control websites.

Sample size

The catalog of pharmaceutical companies which are chosen from as sample size for the study based on market capitalization. The Sun pharmacy, the Lupin Pharmacy, the Cipla Pharmacy, the Torrent Pharmacy, the Dr Reddy's lab, the Divis Pharmacy, the Glenmark Pharmacy, the Aurobindo Pharmacy, the Gloxo Smith Cline and the Cadilla pharmacy are chosen as sample size for the study.

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.

Period of study

The study covers a period of ten years from 2005-2006 to 2014-2015.

Table 1: List of Abbreviations

S. No	Company Name	S. No	Company Name
1	SUN - Sun pharmacy industries	6	DS - Divis Pharmacy
2	LUP - Lupin Pharmacy	7	GM - Glenmark Pharmacy
3	CIPLA - Cipla Pharmacy	8	AB - Aurobindo Pharmacy
4	TOR - Torrent Pharmacy	9	GLO - Gloxo Smith Cline
5	DR R - Dr Reddy's lab	10	CAD - Cadilla pharmacy

Profitability Analysis of Select Pharmaceutical Companies in India

Table 2: Net Profit Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	35.71	10.98	20.12	9.41	10.08	17.99	11.62	10.60	10.98	12.43
2006-2007	37.82	14.89	18.41	12.63	29.01	25.94	16.24	11.74	14.89	13.42
2007-2008	42.81	16.30	16.43	15.56	13.57	33.77	28.03	12.41	16.30	13.71
2008-2009	45.60	14.09	14.58	15.51	13.20	34.97	24.03	4.54	14.09	13.31
2009-2010	48.70	17.52	19.29	14.43	18.48	35.99	12.47	16.16	17.52	20.39
2010-2011	44.52	18.02	15.16	16.60	17.21	33.25	18.24	14.37	26.52	28.01
2011-2012	42.27	14.93	16.10	14.99	13.64	29.59	16.95	-0.99	18.12	20.85
2012-2013	21.23	17.69	18.37	19.75	15.00	28.72	19.80	9.14	21.94	13.56
2013-2014	-99.99	25.99	14.80	22.65	19.86	31.49	18.85	16.48	19.71	22.35
2014-2015	-18.38	24.58	11.65	17.93	16.77	27.46	19.81	18.73	14.34	24.05
MEAN	23.71	17.50	16.49	15.95	16.68	29.92	18.60	11.32	17.44	18.21
SD	44.63	4.61	2.58	3.67	5.20	5.34	4.90	5.95	4.46	5.59
CV	188.27	26.36	15.67	23.00	31.15	17.84	26.34	52.55	25.55	30.70
CAGR	-0.06	0.08	-0.05	0.07	0.05	0.04	0.05	0.06	0.03	0.07

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

Table 1 shows the net profit ratio of selected pharmaceutical companies in India. The Divis pharmacy has the highest Net profit ratio with mean value of 29.92 followed by sun pharmacy with 23.71. Arobindo pharmacy has the lowest Net profit ratio of 11.32. Net profit ratio is found to be consistent in cipla pharmacy and inconsistency in pharmacy. The compound annual growth rate of Net profit ratio is highest in the lupin pharmacy by 0.08 followed by Torrent pharmacy by 0.07.Sun pharmacy shows lowest annual growth rate.

Table 3: Return on Asset Ratio (Rs in Crore)

YEAR/COMPANY	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	78.80	160.42	66.14	45.21	294.95	265.87	25.16	167.50	111.99	117.23
2006-2007	126.58	110.57	41.64	54.88	260.45	419.82	37.50	174.19	141.05	70.24
2007-2008	203.15	160.46	48.32	69.17	286.12	135.38	41.34	227.02	160.67	83.89
2008-2009	248.72	166.06	55.97	86.59	312.17	194.85	49.10	245.67	181.94	88.09
2009-2010	276.08	284.51	73.66	104.11	350.30	116.70	65.72	343.51	207.68	118.75
2010-2011	64.51	70.66	82.36	129.18	355.69	137.87	73.25	88.27	227.95	102.07
2011-2012	76.07	83.61	94.04	154.17	396.19	163.85	80.79	85.64	226.67	124.89
2012-2013	75.21	108.30	110.47	195.14	458.29	192.36	93.16	100.93	237.30	142.20
2013-2014	35.77	155.65	125.69	135.31	548.41	228.61	107.14	137.67	238.15	177.29
2014-2015	109.78	200.84	138.12	159.88	624.13	268.35	182.53	183.56	218.61	221.02
MEAN	129.47	150.11	83.64	113.36	388.67	212.37	75.57	175.40	195.20	124.57
SD	83.60	62.52	32.91	49.52	120.19	90.05	45.63	80.70	44.23	45.86
CV	64.57	41.65	39.35	43.68	30.92	42.41	60.38	46.01	22.66	36.81
CAGR	0.03	0.02	0.08	0.13	0.08	0.01	0.22	0.01	0.07	0.07

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

Table 2 deals the return on asset ratio of selected pharmaceutical companies in India. The Dr reddy's pharmacy has the highest return on asset ratio with mean value of 388.67 followed by Divis pharmacy with 212.37.Glenmark pharmacy has the lowest return on asset ratio of 75.57. Return on asset ratio is found to be consistent in GlaxoSmithKline pharmacy and inconsistency in sun pharmacy. The compound annual growth rate of return on asset ratio is highest in the torrent pharmacy by 0.13 followed by glen mark pharmacy by 0.22.Divis and Aurobindo pharmacy shows lowest annual growth rate.

Table 4: Return on Capital Employed Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	14.53	17.61	26.67	15.98	8.90	23.23	9.74	8.20	46.67	19.25
2006-2007	16.83	18.79	23.40	19.77	30.79	34.32	15.60	9.65	45.60	20.14
2007-2008	24.21	27.58	18.17	21.14	10.55	42.94	31.00	11.76	45.06	17.31
2008-2009	24.57	22.04	22.39	20.43	13.46	38.01	11.08	13.53	44.09	20.52
2009-2010	17.05	22.49	22.16	25.74	15.87	24.88	13.28	17.54	45.35	27.39
2010-2011	21.60	21.08	16.52	26.71	14.20	25.83	11.02	17.48	38.79	24.75
2011-2012	25.58	21.86	19.17	26.72	19.22	30.20	12.95	10.04	32.60	22.02
2012-2013	8.47	32.52	20.81	33.14	19.36	30.68	14.95	14.23	45.50	14.09
2013-2014	0.94	44.39	17.75	31.33	21.11	33.11	16.35	26.48	28.53	19.60
2014-2015	-3.57	35.47	13.44	19.41	15.43	29.79	26.99	25.10	20.25	26.04
MEAN	15.74	26.38	20.05	24.04	16.89	31.30	16.30	15.40	39.24	21.11
SD	8.85	8.58	3.82	5.57	6.23	6.08	7.08	6.30	9.12	4.06
CV	56.26	32.54	19.05	23.17	36.86	19.44	43.45	40.92	23.25	19.25
CAGR	-0.13	0.07	-0.07	0.02	0.06	0.03	0.11	0.12	-0.08	0.03

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

Table 3 revels the GlaxoSmithKline pharmacy has the highest return on capital employed ratio with mean value of 39.24 followed by Divis pharmacy with 31.30. Arobindo pharmacy has the lowest return on asset ratio of 15.40. Return on capital employed ratio is found to be consistent in cipla pharmacy and inconsistency in sun pharmacy. The compound annual growth rate of return on capital employed ratio is highest in the Arobindo pharmacy by 0.12 followed by Glenmark pharmacy by 0.11.Sun pharmacy shows lowest annual growth rate.

Table 5: Return on Equity Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	31.49	29.88	27.02	19.39	9.12	21.00	21.81	20.25	32.17	24.54
2006-2007	25.68	21.73	19.61	24.82	27.60	35.69	30.61	22.01	30.52	23.89
2007-2008	24.09	35.93	16.85	28.14	9.00	42.63	38.48	19.42	30.16	21.43
2008-2009	24.56	29.60	23.17	28.04	11.37	36.33	10.73	26.38	30.16	26.43
2009-2010	15.71	26.74	17.57	25.57	13.07	22.37	13.74	22.47	29.79	33.75
2010-2011	20.71	25.69	14.54	26.61	14.81	23.66	10.71	22.93	30.64	27.75
2011-2012	25.35	21.53	14.90	28.55	17.42	23.93	12.13	20.69	39.22	28.25
2012-2013	6.63	26.00	17.00	35.36	16.25	23.94	15.30	16.87	36.09	17.12
2013-2014	0.63	33.30	13.76	33.29	20.71	26.09	14.92	29.21	23.58	24.89
2014-2015	6.48	26.55	10.65	23.03	15.79	23.78	23.75	28.29	28.27	28.08
MEAN	18.13	27.70	17.51	27.28	15.51	27.94	19.22	22.85	31.06	25.61
SD	10.28	4.60	4.76	4.64	5.62	7.43	9.35	3.98	4.22	4.46
CV	56.70	16.61	27.22	17.02	36.23	26.58	48.64	17.40	13.60	17.40
CAGR	-0.15	-0.01	-0.09	0.02	0.06	0.01	0.01	0.03	-0.01	0.01

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

Table 4 exhibits the GlaxoSmithKline pharmacy has the highest return on Equity ratio with mean value of 31.06 followed by Divis pharmacy with 27.94. Dr Reddy's pharmacy has the lowest return on Equity ratio of 15.51. Return on Equity ratio is found to be consistent in Glaxo Smith Kline pharmacy and inconsistency in sun pharmacy. The compound annual growth rate of return on Equity ratio is highest in the Dr Reddy's pharmacy by 0.06 followed by Aurobindo pharmacy by 0.03.sun pharmacy shows lowest annual growth rate**.**

Solvency Analysis of Select Pharmaceutical Companies in India

Table 6: Current Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	5.23	1.15	2.07	1.77	1.29	1.05	1.95	1.38	0.90	1.06
2006-2007	5.57	1.22	2.65	1.65	2.56	1.54	1.28	1.40	0.94	1.02
2007-2008	2.52	0.97	2.62	1.42	1.82	2.12	1.45	1.35	0.91	1.00
2008-2009	2.53	0.83	1.81	1.66	1.85	3.00	1.82	1.12	1.94	0.93
2009-2010	2.14	0.96	2.17	1.51	1.49	2.57	3.88	1.05	3.06	1.40
2010-2011	3.09	1.10	2.59	1.27	1.66	2.18	1.65	1.21	2.94	1.63
2011-2012	2.68	1.19	3.18	1.40	1.70	1.98	2.12	0.76	2.52	1.22
2012-2013	2.31	1.59	1.95	1.59	1.62	2.34	1.57	1.05	2.65	1.03
2013-2014	0.79	2.81	1.92	2.02	1.96	2.50	1.73	1.23	2.60	1.35
2014-2015	0.53	2.54	1.66	1.57	1.81	2.36	1.63	1.35	2.13	1.19
MEAN	2.74	1.44	2.26	1.59	1.78	2.16	1.91	1.19	2.06	1.18
SD	1.62	0.69	0.48	0.21	0.34	0.55	0.73	0.20	0.85	0.22
CV	59.20	47.82	21.13	13.29	18.94	25.37	38.42	16.86	41.49	18.67
CAGR	-0.20	0.08	-0.02	-0.01	0.03	0.08	-0.02	0.02	0.09	0.01

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

Table 5 describes the sun pharmacy has the highest current ratio with mean value of 2.74 followed by cipla pharmacy with 2.26. Cadilla pharmacy has the lowest current ratio of 1.18. Current ratio is found to be consistent in torrent pharmacy and inconsistency in sun pharmacy. The compound annual growth rate of current ratio is the highest in GlaxoSmithKline pharmacy by 0.09 followed by lupin and divis pharmacy by 0.08. Sun pharmacy shows lowest annual growth rate.

Table 7: Quick Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	5.04	2.18	1.33	1.01	2.43	1.07	4.42	2.68	0.44	1.02
2006-2007	5.25	2.02	1.76	1.06	2.81	1.42	3.11	3.86	0.46	0.82
2007-2008	2.27	1.63	1.88	1.22	1.94	1.28	2.26	2.97	0.54	1.23
2008-2009	2.17	1.02	1.93	1.57	2.13	1.52	7.00	2.99	1.58	1.16
2009-2010	1.52	1.68	1.57	1.65	1.45	1.12	5.63	2.28	2.63	1.16
2010-2011	2.74	1.75	2.06	1.11	1.91	1.12	5.95	2.22	2.53	1.23
2011-2012	2.33	1.59	1.95	1.28	1.84	1.19	3.19	1.60	2.16	1.31
2012-2013	1.82	1.69	1.68	1.24	2.02	1.26	1.85	2.26	2.31	1.73
2013-2014	1.03	2.27	1.50	1.81	2.70	1.39	2.14	2.20	2.21	1.60
2014-2015	0.55	1.70	1.30	1.25	2.64	1.24	1.59	2.36	1.81	1.41
MEAN	2.47	1.75	1.70	1.32	2.19	1.26	3.71	2.54	1.67	1.27
SD	1.55	0.35	0.27	0.27	0.44	0.15	1.92	0.62	0.87	0.27
CV	62.73	20.05	15.66	20.24	20.15	11.56	51.70	24.28	52.46	20.95
CAGR	-0.20	-0.02	0.01	0.02	0.01	0.01	-0.10	-0.01	0.15	0.03

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

Table 6 shows quick ratio of select pharmaceutical industries in India the glenmark pharmacy has the highest quick ratio with mean value of 3.71.Followed by aurobindo pharmacy with 2.54. Divis pharmacy has the lowest quick ratio of 1.26. Quick ratio is found to be consistent in divist pharmacy inconsistency in sun pharmacy. The compound annual growth rate of Quick ratio is the highest in GlaxoSmithKline pharmacy by 0.15 followed by cadilla pharmacy by 0.03. Sun pharmacy shows lowest annual growth rate.

Table 8: Debt Equity Ratio (Rs in Crore)

Year/Company	SUN	LUP	CIPLA	TOR	DR R	DS	G M	A B	GLO	CAD
2005-2006	1.19	1.42	0.24	0.64	0.41	0.44	2.50	2.13	0.10	0.59
2006-2007	0.44	0.97	0.04	0.60	0.08	0.28	2.02	1.44	0.12	0.51
2007-2008	0.02	0.73	0.15	0.58	0.10	0.10	0.51	1.60	0.13	0.70
2008-2009	0.04	0.69	0.22	0.66	0.12	0.04	0.86	1.02	0.11	0.67
2009-2010	0.01	0.36	0.20	0.59	0.10	0.02	0.43	0.90	0.20	0.37

2010-2011	0.01	0.31	0.07	0.36	0.24	0.01	0.54	0.98	0.28	0.27
2011-2012	0.01	0.27	0.10	0.35	0.23	0.02	0.22	0.94	0.15	0.43
2012-2013	0.01	0.11	0.11	0.35	0.20	0.01	0.12	0.70	0.19	0.57
2013-2014	0.33	0.02	0.09	0.42	0.29	0.01	0.12	0.70	0.13	0.39
2014-2015	0.24	0.03	0.12	0.84	0.29	0.01	0.07	0.54	0.12	0.28
MEAN	0.23	0.49	0.13	0.54	0.21	0.09	0.74	1.10	0.15	0.48
SD	0.37	0.46	0.07	0.16	0.11	0.15	0.85	0.49	0.06	0.15
CV	162.01	92.77	49.78	30.37	51.99	157.17	114.35	44.60	36.20	32.14
CAGR	-0.15	-0.32	-0.07	0.03	-0.03	-0.32	-0.30	-0.13	0.02	-0.07

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

Table 7 reveals the Aurobindo pharmacy has the highest debt equity ratio with mean value of 1.10.Followed by glenmark pharmacy with 0.74. Divis pharmacy has the lowest debt Equity ratio of 0.09. Debt Equity ratio is found to be consistent in torrent pharmacy and inconsistency in the sun pharmacy. The compound annual growth rate of debt equity ratio is highest in the torrent pharmacy by 0.03 followed by GlaxoSmithKline pharmacy by 0.02. Lupin and divis pharmacy shows lowest annual growth rate.

Table 9: Regression Analyses Select Pharmaceutical Industries in India.

Industries/ Variables	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
SUN	1	.777[a]	.603	.107	44.01939
LUP	1	.959[a]	.919	.818	1.97010
CIPLA	1	.751[a]	.564	.019	2.55888
TOR	1	.988[a]	.976	.945	.85902
DR R	1	.881[a]	.777	.498	3.68178
DS	1	.975[a]	.950	.888	1.78531
GM	1	.945[a]	.893	.759	2.40341
AB	1	.862[a]	.743	.421	4.52698
GLO	1	.735[a]	.540	-.034	.20405
CAD	1	.969[a]	.939	.863	2.07275

a. Predictors: (Constant), Fixed Asset Turnover Ratio, Inventory Turnover Ratio, Debt Equity Ratio, Debtor Turnover Ratio, Current Ratio
b. Dependent variable : Net Profit Ratio

The above table 8 represents the statistical significance model of Select Pharmaceutical Industries in India. Torrent and Divis pharmacy has the highest Adjusted R Square value at more than 0.88 which states that all the four independent variables such as current ratio, debt equity ratio, inventory turnover ratio, debtors turnover ratio and fixed asset turnover ratio which have more than 88 percent influence on the net profit margin followed by cedilla pharmacy with 86 percent significant. Gloxo Smith Cline Pharmacy has the lowest R squire value is -.034 percent significant.

Findings

- The Divis pharmacy has the highest Net profit ratio with mean value of 29.92 followed by sun pharmacy with 23.71.Arobindo pharmacy has the lowest Net profit ratio of 11.32. Net profit ratio is found to be consistent in cipla pharmacy.
- The Dr reddy's pharmacy has the highest return on asset ratio with mean value of 388.67 followed by Divis pharmacy with 212.37.Glenmark pharmacy has the lowest return on asset ratio of 75.57. Return on asset ratio is found to be consistent in GlaxoSmithKline pharmacy
- GlaxoSmithKline pharmacy has the highest return on capital employed ratio with mean value of 39.24 followed by Divis pharmacy with 31.30. Arobindo pharmacy has the lowest return on asset ratio of 15.40.
- GlaxoSmithKline pharmacy has the highest return on Equity ratio with mean value of 31.06 followed by Divis pharmacy with 27.94. Dr Reddy's pharmacy has the lowest return on equity ratio of 15.51. Return on Equity ratio is found to be consistent in Glaxo Smith Kline pharmacy.
- The Aurobindo pharmacy has the highest debt equity ratio with mean value of 1.10 followed by glenmark pharmacy with 0.74. Divis pharmacy has the lowest debt equity ratio of 0.09. Debt equity ratio is found to be consistent in torrent pharmacy.
- Short term solvency ratios, like current ratio and liquid ratio are satisfactory in Sun pharmacy, Dr Reddy, glenmark, Arobindo pharmacy during the study period. Lupin pharmacy, cipla pharmacy, Torrent pharmacy, Divis pharmacy,gloxo smith cline,cdilla should pay more attention to improve their current and liquid assets.

Suggestions

- The debt equity ratio shows the fluctuating trend, so the companies should pay more attention to improve its debt and equity position.
- The companies may concentrate on their cost of production, investment in fixed assets and their sales turnover to improve their profitability.
- 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.

Conclusion

The present study is attempted to know the profitability and solvency of select pharmaceutical companies in India during the study period. The present study concluded that the Short term solvency position are satisfactory only in Sun pharmacy, Dr Reddy, Glenmark and Arobindo pharmacy during the study period. Lupin pharmacy, cipla pharmacy, Torrent pharmacy, Divis pharmacy, Gloxo smith cline, Cdilla should pay more attention to improve their current and liquid assets. The study suggested that the long term solvency position is fluctuating trend, so the companies should pay more attention to improve long term solvency 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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