

Performance of Pharmaceutical Industries during Post and Pre COVID (With Special Reference to Stock Market)

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ABSTRACT

The Indian pharmaceutical industry is extremely fragmented, with over 20,000 devices registered. It increased significantly over the rest of the decades. India's pharmaceutical and chemical industry is a truly fragmented market due to excessive opposition from authorities and control of fees. India's pharmaceutical industry meets the country's demand for bulk pharmaceuticals, intermediates, pharmaceuticals, chemicals, tablets, oral and injectables. There are about two hundred and fifty large devices and about eight thousand small devices that make up the heart of India's pharmaceutical industry (eg 5 large devices for public use). The global pharmaceutical market is expected to more than double to reach \$1.3 billion in the future. The Indian pharmaceutical industry is growing significantly every year. Therefore, investigation the profitability function of a company was done using the mean, standard deviation, coefficient of variation, multiple regression analysis, and variance analysis. Increasing profitability no longer creates effective returns, and additional productivity improves overall economic efficiency in future¹. Here an attempt has been made to analyze the financial and equity performance of selected Pharma and Healthcare companies with reference to stock market by using various statistical techniques. Keywords: Financial performance, Equity performance, Pharmaceutical industry and stock market.

INTRODUCTION

The Indian pharmaceutical sector is estimated to meet around seventy percent of the country's demand for bulk drugs, formulations, and injectables. In a liberalized economy the growth in the sector has surged with over 300 large units and about eight thousand to eight thousand five hundred small and medium enterprises involved in bulk drugs and specialized drug manufacturing. Major government policies which have led to de-licensing of the Industry has meant that businesses have been able to develop products for the large Indian market with due approval of the drug control authority. Although, there are low costs of production and R&D costs, the financial performance of the industry has often been affected by various market, consumer and regulatory issues, the stock market price performance is

¹ Bauman 2003 Split Information, Stock Returns and Market Efficiency. *Journal of Financial Economics*, Vol 6, pp 265-296.

considered as barometer for the financial performance of a company. Indian Pharma Industry is mainly operated as well as controlled by dominant foreign companies having subsidiaries in India due to availability of cheap labor in India at lowest cost. The number of purely Indian Pharma companies is fairly less².

The Indian pharmaceutical industry now belongs to India's knowledge-intensive industry with extensive skills primarily in the complex pharmaceutical manufacturing and technology sectors. In terms of technology, quality, and diversity of drugs produced, it is very high at about , which is one-third of the world's . Almost all types of drugs, from headache medicines to powerful antibiotics and complex cardiac compounds, are now produced by local manufacturers who play a key role in selling and sustaining advances in this important medical field. The Indian pharmaceutical industry is improving the quality of its manufacturers and many of its devices are certified by US and UK regulatory agencies. International organizations involved in the region have stimulated, supported and led this dynamic improvement for 53 years, helping to position India on the global pharmaceutical map.³.

STATEMENT OF THE PROBLEM

The Indian pharmaceutical sector has made rapid progress both globally and domestically. However, growth pain was severe for domestic players looking to increase their share of the global pie. The US Food and Drug Administration (USFDA) is slowing down generic approvals accelerated generalization and fierce competition together meant slowing global revenue growth for domestic players. However, despite the difficult environment, domestic companies continue to maintain integration and are preparing to expand CRAMS (Contract Research and Manufacturing Services) of major global companies. Fascinated by the attractive business models of domestic pharmaceutical companies, some global players have taken over Indian pharmaceutical companies. An increase in share buybacks/public offerings to shareholders of MNC pharmaceutical relationships/subsidiaries So, the pharma sector is in thick of action⁴.

The development of an industry depends on numerous factors including finance, people, technology, product quality and marketing. Among them, economic and operational factors play an important role in sensing the growth of the industry. Every business transaction actually affects your need for money. If senior management does not recognize the value of good economic and operational analytics, business leaders can face ongoing challenges in determining a company's profitability function.⁵. In this context, researchers are interested in conducting analysis to determine the financial performance of the pharmaceutical industry. Therefore, the title of this study is "Financial Performance Study of the Indian Pharmaceutical Industry".

²Siddharth, M.R. & Das, G., (March 1994). "Working capital turnover in Pharmaceutical companies", *The management accountant*, 151-153

³ Singh, P.K., (July 2004). *Working capital management in Lupin laboratories Ltd.- A case study*, *The management accountant*, pp 534-539

⁴Global Reporting Initiative (2013). *G4 Sustainability Reporting Guidelines: Implementation Manual*.

⁵Sutantoputra A W , M. Lindorff& E. Prior Johnson (2012) *The relationship between environmental performance and environmental disclosure*, *Australasian Journal of Environmental Management*, 19:1, 51-65.

SIGNIFICANCE OF THE STUDY

Some studies have predicted the growth of the Indian pharmaceutical industry in some dimensions, there has been no comprehensive company-wide work on the growth of the Indian pharmaceutical industry that takes into account multiple dimensions at the same time. This study aims to provide an overview of the financial and capital performance of the Indian pharmaceutical industry through company-level analysis during the post-COVID-19 and pre-pandemic.

OPERATIONAL DEFINITION OF THE STUDY

Pre-Covid: Pre-coronavirus” can be used for talking about time periods before the coronavirus (COVID-19) pandemic, in this study the research has taken march 2018 and march 2019 as Pre-Covid period.

Post-Covid: Post-coronavirus” can be used for talking about time periods after the coronavirus (COVID-19) pandemic, in this study the research has taken march 2020 and march 2021 as Post-Covid period.

Financial Performance: Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Financial ratios: Financial ratios are created with the use of numerical values taken from financial statements to gain meaningful information about a company.

REVIEW OF LITERATURE

Venkataramana and Ramakrishnan (2012): Analyze the profitability and financial position of selected cement companies in India using various financial ratios and applying correlations, means, standard deviations and variances. This study evaluates the effect of liquidity ratios on margins of selected cement companies using liquidity ratios and profitability ratios.⁶

Owolabi and Obida (2012): In their article titled “Liquidity Management and Corporate Profitability: Case Study of Selected Manufacturing Companies Listed on The Nigerian Stock Exchange” Attempts have been made to measure the relationship between liquidity management and corporate profitability using data from select manufacturing companies listed on the Nigerian Stock Exchange. The results of this study were obtained through technical analysis, and as a result, it was found that liquidity management measured in terms of a company's credit policy, cash flow management, and cash conversion cycle has a significant effect on a company's profitability. They found that managers can increase profitability by adopting appropriate credit policies, shorter cash transition cycles, and effective cash flow management procedures.⁷

⁶Venkataramana, M.N., and Ramakrishnaian, K, “Profitability and Financial Performance: A Study on Selected Cement Companies in India”, *International Journal of Business and Management Tomorrow*, Volume.2, No. 5, 2012. 45.

⁷Owolabi, Ajao&Obida, “Liquidity Management and Corporat Profitability: Case Study of Selected Manufacturing Companies Listed on The Nigerian Stock Exchange” *Business Management Dynamics*, Volume.2,No.2, August 2012, Pp.10-25.

OBJECTIVES OF THE STUDY

- To study and analyze the financial and equity performance of sample companies (Indian Pharmaceutical) for the year 2018 to 2021 with reference to stock market.
- To study and analyze the movements of the stocks of Pharmaceutical sector in India
- To compare the performance of the sample Pharmaceutical Companies during post Covid and pre Covid period.

LIMITATIONS OF THE STUDY

- ❖ Only top 15 companies listed in the Stock exchange is taken for the study, therefore generalisation of the findings is not possible.
- ❖ Only selected ratios are calculated for finding out the performance ranking of companies.

DATA COLLECTION

This article is primarily based on secondary data taken from stock market reports of pharmaceutical companies included in the article. We also reviewed pharmaceutical websites such as pharmabiz.com and Pharma magazine. This study will use annual report data from industry-leading companies to comment on India's post- and pre-covid period performance from 2018 to 2021.

SAMPLING PLAN

Sampling size: A total of 15 pharmaceutical companies listed on the BSE and NSE over the past three years from 2018 to 2021 were selected.

Sampling Procedure: The records for this examine is chosen on the idea of comfort sampling method (order indexed in BSE). Among the businesses indexed with primary inventory alternate of India namely, Bombay Stock Exchange and National Stock Exchange of India, pinnacle 20 pharmaceutical businesses on the idea of marketplace capitalization are selected.

Sample units: The following are the selected Sample units (Sample companies):

1. Aurobindo Pharm, 2.Cipla, 3.Dr Reddys Labs, 4.Sun Pharma, 5.Lupin, 6.Cadila Health, 7.Glenmark, 8.Alkem Lab, 9.Divis Labs, 10.Torrent Pharma, 11.Ipca Labs, 12.Alembic Pharma, 13.Laurus Labs, 14.Abbott India, 15.Gland.

STATISTICAL TOOLS USED

Financial Ration Analysis: For financial analyzing the data, the widely used tool is Ratio Analysis. Ratio analysis is a technique adapted to analysis and interprets general financial statements to assess the profitability position. The coefficient is calculated for the current year and then compared to the previous year.

Correlation: Correlation analysis in research is a statistical method used to measure the strength of the linear relationship between two variables and compute their association. A high correlation points to a strong relationship between the two variables, while a low correlation means that the variables are weakly related.

Regression: Regression analysis is a set of statistical methods used to estimate relationships between a dependent variable and one or more independent variables.

DATA ANALYSIS

The present study has taken some of the leading pharmaceutical firms' and has used the following indicators i) per share ratio, ii) profitability ratio, iii) liquidity ratio and iv) valuation ratio for analyzing the financial performance of selected Indian Pharmaceutical industries.

I. FINANCIAL RATIO ANALYSIS

Table 1
Distribution on financial ratios for March 2018

Pharmaceutical Industries	Financial Ratios (March 2018)							
	Per Share Ratios		Profitability Ratios		Liquidity Ratio		Valuation Ratio	
	EPS	DPS	NPM	ROE	DPR	ERR	NOR	EY
Aurobindo Pharm	30.94	2.50	17.65	18.15	12.12	87.88	3.18	0.06
Cipla	18.25	3.00	12.89	10.40	10.95	89.05	3.84	0.03
Dr Reddys Labs	34.19	2.00	6.05	4.80	70.41	29.59	3.69	0.02
Sun Pharma	1.30	2.00	3.39	1.36	261.00	161.00	13.20	0.00
Lupin	29.76	5.00	13.33	8.51	25.19	74.81	3.30	0.04
Cadila Health	10.66	3.50	18.77	14.08	0.00	0.00	6.67	0.03
Glenmark	35.95	2.00	15.77	9.76	6.69	93.31	2.31	0.07
Alkem Lab	59.87	13.00	13.50	14.65	25.05	74.95	4.46	0.03
Divis Labs	32.76	10.00	22.78	14.59	30.52	69.48	7.58	0.03
Torrent Pharma	28.48	14.00	11.34	10.57	45.63	54.37	4.97	0.02
Ipca Labs	18.47	1.00	7.29	8.64	5.41	94.59	2.59	0.03
Alembic Pharma	22.38	4.00	14.33	19.22	21.50	78.50	3.52	0.04
Laurus Labs	16.35	1.50	8.54	11.44	9.16	90.84	2.63	0.03
Abbott India	188.81	55.00	12.16	23.70	21.18	78.82	3.51	0.03
Gland	211.75	0.00	19.82	13.32	0.00	0.00	0.00	0.00

Source: Dion Global Solutions Limited (www.moneycontrol.com)

Table 2
Distribution on financial ratios for March 2019

Pharmaceutical Industries	Financial Ratios (March 2019)							
	Per Share Ratios		Profitability Ratios		Liquidity Ratio		Valuation Ratio	
	EPS	DPS	NPM	ROE	DPR	ERR	NOR	EY
Aurobindo Pharm	26.11	2.50	12.47	13.47	7.53	90.43	3.76	0.03
Cipla	18.25	3.00	15.26	11.96	12.79	87.21	3.45	0.04
Dr Reddys Labs	76.98	20.00	12.02	10.07	25.99	74.01	4.33	0.03
Sun Pharma	3.40	2.75	7.92	3.57	58.67	41.33	11.16	0.01
Lupin	34.03	5.00	13.55	8.98	14.69	85.31	2.94	0.05
Cadila Health	14.51	3.50	24.60	17.33	24.11	75.89	5.88	0.04
Glenmark	57.49	2.00	25.72	13.58	4.19	95.81	2.89	0.09
Alkem Lab	66.90	16.00	13.99	14.63	22.42	77.58	3.67	0.04

Divis Labs	50.20	16.00	27.31	19.11	19.92	80.08	9.27	0.03
Torrent Pharma	44.05	17.00	12.93	14.86	40.86	59.14	5.73	0.02
Ipca Labs	36.01	3.00	12.52	14.50	2.77	97.23	3.42	0.04
Alembic Pharma	32.42	5.50	16.69	22.53	12.33	87.67	2.73	0.06
Laurus Labs	8.94	1.50	4.24	5.97	16.74	83.26	1.90	0.02
Abbott India	211.93	65.00	12.24	22.42	25.95	74.05	4.21	0.03
Gland	29.16	0.00	22.10	15.78	0.00	0.00	0.00	0.00

Source: Dion Global Solutions Limited (www.moneycontrol.com)

Table 3
Distribution on financial ratios for March 2020

Pharmaceutical Industries	Financial Ratios (March 2020)							
	Per Share Ratios		Profitability Ratios		Liquidity Ratio		Valuation Ratio	
	EPS	DPS	NPM	ROE	DPR	ERR	NOR	EY
Aurobindo Pharm	31.96	3.00	14.11	14.37	9.38	90.62	1.82	0.08
Cipla	28.76	4.00	18.31	13.32	24.34	75.66	2.69	0.07
Dr Reddys Labs	177.23	25.00	24.78	19.33	13.32	86.68	4.37	0.06
Sun Pharma	13.40	4.00	25.62	13.16	42.94	57.06	6.74	0.04
Lupin	16.07	6.00	6.59	4.16	31.10	68.90	2.24	0.03
Cadila Health	13.80	3.50	22.25	12.54	50.7	49.29	4.31	0.05
Glenmark	48.00	2.50	20.17	10.24	5.02	94.98	0.87	0.23
Alkem Lab	105.75	25.00	18.93	20.13	28.36	71.64	4.17	0.05
Divis Labs	51.71	16.00	25.84	18.76	61.88	38.12	9.93	0.03
Torrent Pharma	55.46	32.00	15.21	18.32	64.91	35.09	5.41	0.03
Ipca Labs	51.64	5.00	14.93	17.74	15.49	84.51	4.02	0.04
Alembic Pharma	51.42	10.00	23.45	28.97	30.14	69.86	2.43	0.10
Laurus Labs	25.03	2.50	9.54	14.70	11.98	88.02	1.23	0.08
Abbott India	279.04	250.00	14.48	24.38	23.29	76.71	8.02	0.02
Gland	49.88	0.00	29.35	21.19	0.00	0.00	0.00	0.00

Source: Dion Global Solutions Limited (www.moneycontrol.com)

Table 4
Distribution on financial ratios for March 2021

Pharmaceutical Industries	Financial Ratios (March 2021)							
	Per Share Ratios		Profitability Ratios		Liquidity Ratio		Valuation Ratio	
	EPS	DPS	NPM	ROE	DPR	ERR	NOR	EY
Aurobindo Pharm	53.13	4.00	19.67	19.54	7.52	92.48	3.26	0.06
Cipla	30.61	5.00	17.75	12.38	0.00	0.00	4.73	0.04
Dr Reddys Labs	131.84	25.00	16.37	12.87	18.96	81.04	5.63	0.03
Sun Pharma	8.92	7.50	16.71	8.54	72.86	27.14	11.20	0.01

Lupin	27.77	6.50	11.38	6.77	21.60	78.40	4.19	0.03
Cadila Health	14.42	3.50	18.94	11.58	0.00	0.00	5.79	0.03
Glenmark	58.46	2.50	21.79	11.13	4.27	95.73	1.73	0.13
Alkem Lab	140.93	30.00	23.34	22.09	19.86	80.14	4.59	0.05
Divis Labs	73.63	20.00	28.75	21.08	0.00	0.00	14.17	0.02
Torrent Pharma	67.24	35.00	17.63	18.86	29.74	70.26	6.67	0.03
Ipca Labs	90.08	8.00	22.19	24.00	8.89	91.11	4.70	0.05
Alembic Pharma	60.67	14.00	23.26	22.37	0.00	0.00	3.76	0.06
Laurus Labs	17.85	2.00	20.04	35.25	7.84	92.16	4.07	0.05
Abbott India	325.04	275.00	16.02	26.54	0.00	0.00	7.39	0.02
Gland	63.07	0.00	28.79	16.88	0.00	0.00	11.71	0.02

Source: Dion Global Solutions Limited (www.moneycontrol.com)

Table 5

Distribution on financial performance results for Pre and post Covid period

Pharmaceutical Industries	Post-Covid		Pre-Covid		Total	M.S	Result
	2018	2019	2020	2021			
Aurobindo Pharm	172.48	156.3	165.34	199.66	693.78	1.73	7
Cipla	148.41	151.96	167.15	70.51	538.03	1.35	3
Dr Reddys Labs	150.75	223.43	350.77	291.74	1016.69	2.54	14
Sun Pharma	443.25	128.81	162.96	152.88	887.9	2.22	12
Lupin	159.94	164.55	135.09	156.64	616.22	1.54	5
Cadila Health	43.05	165.86	156.44	54.26	419.61	1.05	1
Glenmark	165.86	201.77	182.01	195.74	745.38	1.86	8
Alkem Lab	205.51	215.23	274.03	321	1015.77	2.54	13
Divis Labs	187.74	221.92	222.27	157.65	789.58	1.97	10
Torrent Pharma	169.38	194.59	226.43	245.43	835.83	2.09	11
Ipca Labs	138.02	169.49	193.37	249.02	749.9	1.87	9
Alembic Pharma	163.49	179.93	216.37	124.12	683.91	1.71	6
Laurus Labs	140.49	122.57	153.08	179.26	595.4	1.49	4
Abbott India	383.21	415.83	675.94	650.01	2124.99	5.31	15
Gland	244.89	67.04	100.42	120.47	532.82	1.33	2

Source: Computed Data

II. CORRELATION

Table 6

Distribution on Overall result of Correlation test - @ 5% level of significance

Sl.no	Correlation	Factors	
		Pre-Covid	Post-Covid
1	Financial performance ratios	0.497	0.429
2	Financial performance ratios	0.269	0.105
3	Financial performance ratios	0.538	0.803

4	Financial performance ratios	0.072	0.198
5	Financial performance ratios	0.002	0.592
6	Financial performance ratios	0.001	0.091
7	Financial performance ratios	0.018	0.195
8	Financial performance ratios	0.000	0.419
9	Financial performance ratios	0.025	0.662
10	Financial performance ratios	0.035	0.325
11	Financial performance ratios	0.042	0.649
12	Financial performance ratios	0.012	0.123
13	Financial performance ratios	0.041	0.425
14	Financial performance ratios	0.046	0.898
15	Financial performance ratios	0.035	0.164

Source: Computed Data

III.REGRESSION

Table 7
Distribution on Regression Analysis of Pharmaceutical industries

Pharmaceutical Industries	SGR		Profit Margin		Dividend Pay Out Ratio		Debt Equity Ratio		Ratio Total assets to sales		Return on Equity	
	t	sig	t	Sig	t	sig	T	Sig	t	Sig	t	Sig
Aurobindo Pharm	1.63	0.64	1.14	0.45	4.71	0.04	2.79	0.58	2.04	0.29	4.49	0.01
Cipla	2.56	0.24	1.84	0.56	4.04	0.16	2.69	0.62	1.46	0.73	2.15	0.02
Dr Reddys Labs	2.17	0.27	1.78	0.58	3.03	0.20	1.26	0.43	1.24	0.43	4.15	0.10
Sun Pharma	1.72	0.03	4.30	0.03	4.96	0.02	2.57	0.24	2.35	0.05	2.74	0.22
Lupin	1.56	0.57	1.11	0.52	1.23	0.82	2.49	0.79	2.45	0.52	1.54	0.53
Cadila Health	1.93	0.84	2.92	0.84	1.56	0.53	2.58	0.89	2.31	0.84	1.68	0.21
Glenmark	4.56	0.42	1.25	0.23	1.74	0.21	2.63	0.23	1.85	0.23	1.27	0.71
Alkem Lab	2.89	0.58	2.58	0.61	1.54	0.71	2.10	0.56	2.61	0.61	2.16	0.43
Divis Labs	1.85	0.41	1.36	0.42	2.85	0.43	4.20	0.78	2.11	0.42	1.30	0.52
Torrent Pharma	1.74	0.43	1.69	0.29	2.41	0.19	1.85	0.45	4.41	0.29	2.87	0.89
Ipca Labs	2.25	0.92	2.74	0.61	2.59	0.91	1.71	0.12	2.50	0.27	2.98	0.23
Alembic Pharma	1.29	0.42	2.21	0.84	4.21	0.64	1.59	0.29	2.45	0.26	4.84	0.56
Laurus Labs	2.41	0.16	4.56	0.61	4.58	0.37	2.50	0.27	2.91	0.24	1.54	0.78
Abbott India	1.81	0.32	1.80	0.52	2.18	0.13	2.19	0.26	1.20	0.58	4.20	0.45
Gland	1.54	0.06	1.43	0.37	1.54	0.46	2.59	0.24	1.87	0.41	1.85	0.12

Source: Computed Data

R ²	Adjusted R Square	Std. Error of the Estimate
.699	.561	2.615

FINDINGS OF THE STUDY

For calculating financial performance Ratio I per share ratio, profitability ratio, liquidity ratio and valuation ratio was calculated, for calculating financial performance Ratio II all the ratios were totaled and mean score was calculated.

Financial Ratio

- Earnings per share (EPS) are calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.
- Dividend per share (DPS) is the published dividend issued by the company for one common share issued. DPS is calculated by dividing the total dividends a company has paid over a period of time (usually one year), including interim dividends, by the number of shares of common stock issued.
- The net profit margin (NPM), also known as net margin, indicates how much net income a company makes with total sales achieved. A higher net profit margin means that a company is more efficient at converting sales into actual profit.
- Return on Equity (ROE), as with return on capital, a ROE is a measure of management's ability to generate income from the equity available to it. ROEs of 15–20% are generally considered good. ROE is also a factor in stock valuation, in association with other financial ratios.
- A target dividend payout ratio (DPR) of 50% to 60% is usually a golden spot for dividend investors looking for a company with the right mix of earnings maintenance and dividends. Very High: Payout ratios between 75% and 95% are considered fairly high, meaning the company declares the majority of its earnings as dividends.
- Earnings Retention Ratio (ERR), The ideal ratio of retained earnings to total assets is 1:1 or 100%. However, this ratio is nearly impossible for most enterprises. So a more realistic goal is to get as close to 100% as possible. This is above the industry average and is getting better and better.
- Net operating income is revenue (NOR) minus all operating expenses, and net income is revenue minus all expenses, including operating expenses and non-operating expenses such as taxes.
- Earnings yield (EY) is the 12-month earnings divided by the share price. Earnings yield is the inverse of the P/E ratio. Earnings yield is one indication of value; a low ratio may indicate an overvalued stock, or a high value may indicate an undervalued stock.
- **Mean Score Ranking:** It was found that out of 15 pharmaceutical industries taken for the study, by applying mean score ranking technique it was found that Cadila Health is ranked first followed by Gland ranked second, Ciplathired and the others as followed Laurus Labs, Lupin, Alembic Pharma, Aurobindo Pharm, Glenmark, Ipca Labs, Divis Labs, Torrent Pharma, Sun Pharma, Alkem Lab, Dr Reddys Labs and Abbott India ranked the last.
- **Correlation:** The result of Pearson and Kendall correlation shows high positive correlation i.e. a perfect positive linear reliability is found between the factors.
- **Regression:** The variables are positively associated with each other.

OTHER FINDINGS

The performance of the pharmaceutical industry from a sustainability perspective is generally considered low with very little compliance toward formal environmental reporting standards. In comparison to equity price performance for the identified companies, it is interesting to note that the multinational companies show very high standards of reporting and disclosures for environmental, social and economic dimension of their performance. In other words, the philosophy of triple bottom line is well entrenched in these companies through citizenship reporting, responsible business and product safety as well supplier social responsibility. Indian pharmaceutical companies selected in this study show no or little effort to report on sustainability as an integral part of their business and operations, whether it is post or pre Covid period pharmaceutical industries performance has not been affected as medicines are very important need of the hour.

SUGGESTIONS

- The businesses ought to use an modern era and it is able to increase the product range. This will growth the export sales. The end result could be growing the forex earnings
- The groups might also additionally focus on their price of manufacturing, funding in constant belongings and their income turnover to enhance their profitability.

CONCLUSION

The economic fitness performs a tremendous function withinside the a success control of an industry. The evaluation nearly exhibits that gross income ratio, running ratio, go back on fairness capital, and profits in line with share, have tremendous impact at the internet income ratio of the chosen pharmaceutical groups at some point of the look at duration. However, overall performance of the chosen pharmaceutical industries in India at some point of the look at duration is satisfactory. During the duration of look at there have been some ups and downs withinside the overall performance however it did now no longer have an effect on the operations of the agency to a notable extent. If the Pharmaceutical Industry has to carry out well, it has to make investments extra capital and has to do extra sales, handiest then it's going to enhance its overall performance level⁸.

The pharmaceutical enterprise in India is determined to be ever elevating enterprise when you consider that 90`s. This boom lies with the right usage of resources, studies and development, and technology. Due to the non-stop boom of such enterprise, it has determined that the Indian economic system has a tendency to develop with the boom of different industries. The financial circumstance of India is developing at a quicker price globally; it's far simplest because of the higher and non-stop boom of company`s performances. But a sustainable boom will assist the company in addition to the country to fulfill the competition. The regular boom will assist to take a first-rate choice on similarly funding for long-time period boom. Similarly, the pharmaceutical enterprise might not be a heavy enterprise

⁸Fama.E.F. and French K.R. (1992), *The Cross Section of Expected Returns*, *Journal of Finance*, 47 (2), 427-465.

however their performances for previous few a long time are determined to be growing continuously⁹.

India's monetary increase is developing swiftly and it has proven top notch increase withinside the pharmaceutical enterprise. Manufacturing of recent drug treatments and numerous strategies and strategies in vaccines are the principle strengths of pharmaceutical enterprise in India. Fundamental evaluation indicates and insists on what steps need to be accompanied and completed in relation to shopping for and promoting shares primarily based totally at the market. Fundamental evaluation empowers the investor to make the proper selection for the company¹⁰

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⁹Richard W Schabacker (1938) Technical Analysis & Stock Market Profit.

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