An Analysis of Liquidity and Profitability Performance of Selected Pharmaceutical Companies

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ABSTRACT:
Indian Pharmaceutical Industry ranks 3rd largest in the world regarding volume and 14th largest regarding value. Through expertise in new processes for manufacturing of drugs at low cost, Indian Pharmacy companies have carved a niche for themselves even in the world market. Generic drugs form the largest segment of the Indian Pharmaceutical Sector with a market share of 71%. Generic drugs account for 20% of the global exports, thereby making India the largest provider of generic medicines globally. The export from the Indian pharmaceutical sector accounted for 16.64 billion US$ in FY2017. The government’s “Pharma vision 2020” aims to make India a major hub for the end to end drug discovery. Further Indian pharmaceutical market is expected to grow at a CAGR of 23.9% by 2020. Indian Pharmaceutical sector has started spending about 8% of its sale into research and development efforts as against 4% earlier. Indian Pharma companies today are moving from medicine creation to creation of healthcare solutions. A company’s operating performance mainly depends upon its key parameters like its asset utilization, sales turnover, assets, profits, etc. So, considering the rise and growth of the pharmaceutical sector, this study aims to analyze the financial performance of selected Pharmaceutical Companies by considering the variables regarding liquidity and profitability. The study is empirical in approach. This paper aims to study the financial performance and health of the selected pharmaceutical companies using ratios as an indicator of financial health.

KEYWORDS: Liquidity, Pharmaceutical Companies, Profitability, Financial Performance.