"Financial Appraisal of Multinational Pharmaceutical Companies in India"

(with reference to Novartis India Ltd. & Glaxo India Ltd.)

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ABSTRACT: *The study examines two leading Indian multinational pharmaceutical companies' financial assessments. It evaluates the company's performance. There are some 250 large and more than 7,500 small businesses in the Indian pharmaceutical sector. The global pharmaceutical industry is expected to rise by 2015 to $1 billion. Two Indian Drug Companies The figures are from the financial statements of Novartis and Glaxo India from 2007 to 2011. The use of assets, equity and shareholder obligations, income and expenditure are some of the criteria used to evaluate a company's financial health. Financial ratios were a strong tool for evaluating a company's effectiveness. For the pharmaceutical sector, a financial, operational and management health review was necessary. According to industry analysts, the Indian pharmaceutical sector will exceed the US in volume and value. Although it was currently a developed market, the Indian pharmaceutical industry has evolved from darkness into one of the world's largest manufacturers. Worldwide companies used bulk medicines before globalisation to be imported from other countries. First, India's rapid expansion has increased domestic demand and opened export prospects. Profitability will enhance efficiency and financial performance in the near future. The results are in line with past research and financial theory, which highlights future profitability above efficiency. The study uses 2007-2011 data. The research will concentrate on Novartis and Glaxo. During the course of the research period, such organisations assess their own financial health as well as the profitability of chosen pharmaceutical firms in India, which is a beneficial trend.*

KEYWORDS: Pharmaceutical Companies, Profitability analysis, Financial Appraisal, Capital Employed, Shareholders Fund.

A. INTRODUCTION:

Financial performance is a subjective measure of a company's ability to use assets and generate revenue. Financial success may be measured in many ways, but they should all be combined. Line items like operations income, operations cash flow, and total unit sales might be used. In the developing world, this sector, which employs millions of people and guarantees that the great majority of the population of this subcontinent has access to critical drugs at affordable rates, is a shining example of success. As of right now, the Indian pharmaceutical industry is at the forefront of the country's science-based businesses, boasting a broad variety of competence in the difficult disciplines of medicine manufacturing and technology development, among other things. In terms of technology, quality, and the variety of medicines produced, it is a rather advanced country when compared to other Third World nations. In recent years, almost all types of pharmaceuticals and medical devices, ranging from basic headache tablets to complicated antibiotics and intricate cardiac chemicals, have become vital to the advancement and growth of this critical sector of medical research and development. A significant number of regulatory units in the United States and the United Kingdom have been granted permission to service the Indian pharmaceutical industry, which is well-known for manufacturing high-quality goods and is rapidly expanding. For almost 60 years, international companies in the pharmaceutical sector have worked to encourage the rapid growth of this industry by supplying it with raw materials and pushing it forward, therefore establishing India as a worldwide participant in the pharmaceutical business. Environ 70% of India's needs for bulk pharmaceuticals, drug intermediates and pharmaceutical goods are met by the Indian pharmaceutical sector. Most drugs and pharmaceutical items were de-licensed after the Pharmaceutical Industry was de-licensed. Manufacturers may manufacture any legally permitted medication. India's pharmaceutical sector is highly modern and self-sufficient. There is a large scientific workforce, national laboratories with expertise, and a positive trade balance. The pharmaceutical sector is well equipped to compete on the global market and safeguard intellectual property.

B. BACKGROUND OF THE RESEARCH

Novartis India Limited, founded in 1947, is a wholly-owned subsidiary of Novartis AG, a Swiss multinational pharmaceuticals business headquartered in Basel. Hindustan Ciba Giegy Ltd. and Sandoz India Ltd.'s overall efficiency has improved as a result of the merger. This is an exact translation of the original text. The business is committed to its clients' health by developing advanced goods and services for life sciences. CIBA Vision's pharmaceutical and agriculture businesses are well-established in their respective sectors (medicines and crop protection, seeds and animal health care). Public services include agriculture and health care. The creation of new hybrid and high performance seed types contributed significantly to India's green revolution. For example, Novartis helps farmers by making and selling seeds nationwide. Cotton, maize, sunflower, bajra, and jowar have also benefitted from hybridization. Pza Ebutol, Rimactazid, and Rimactane are offered as sip and tablet in Novartis' TB therapy plan. Femara is a prescription drug that is used to treat breast cancer in women of reproductive age. It is available only via prescription. Excelon Pharmaceuticals, in addition to providing pharmaceuticals to treat the symptoms of Alzheimer's disease, is a specialised pharmaceutical company that specialises in delivering medications to treat the symptoms of other disorders. Additionally, the company manufactures and sells products for the care of the eyes.

Glaxo India Limited has been in operation since its establishment and has established a strong its position as a leading pharmaceutical company. It is currently a fully owned part of Glaxo Welcome Pic UK, a well-known pharmaceutical firm, as a result of the company's development since its establishment in 1924. This programme, which is operated in the United Kingdom by Glaxo Welcome Pic, which is really a subsidiary of Glaxo Welcome Pic, which is also based in the United Kingdom, is known as the Welcome Pic Program. It is being looked into as a potential source of new business possibilities in India across a wide range of industries, along with the markets for "Bullock Card" goods and services, among others. Furthermore, the company explores prospective "cyber space" markets in the country. The company offers a vast selection of products according to its website, including more than two hundred products. Some business products include ceftum, stibbs, Phexin BD and Zondon, all used for nausea and vomiting therapy. Alpha-D3 is also a medication manufactured for elderly osteoporosis. In addition to the designation of "recognised export house," the company is now trying to obtain "trading house" accreditation. Qualigens provides a range of agricultural items in conjunction with the company's chemical fire line for animal and poultry care. According to the Firm World Magazine, in 2010 and 2011, Glaxo India was selected on two different times as the most reputable business in India. GlaxoSmithKline has been voted the world's most prominent pharmaceutical business by a Business World – India Research survey.

C. LITRATURE REVIEW:

When deciding what needs to be reviewed further, it may be beneficial to look back at previous research. We spent a significant amount of time going over the following scientific articles:

- **Abuzar, M.A., Elijelly (2004)[1]** empirically examined the relationship between profitability and liquidity in the study on "Liquidity – profitability trade-off: In accordance with the current ratio to cash gaps, or the cash conversion cycle for groups of joint-stock companies in Saudi Arabia, the study is classified as academic research in a developing market, according to the study's findings. The study revealed that the company's profitability and liquidity levels are significantly negatively related by current ratio."[1]

- **Abdul Raheman and Mohd. Nasr (2007)[2]** addressed the working capital management and work capital effect on the liquidity and profitability of the firm A variety of parameters have been examined, including the average collection, stock turnover expressed in days, the average payment period, the cash conversion cycle and the existing ratio for their influence on Pakistani companies' net profitability. "In order to manage the total asset ratio, the debt ratio, the firm size (measured in terms of the natural sales logarithms) and financial assets were used. The results showed a substantial negative link between the parameters of working capital management and the profitability of the firm. This indicates that increasing the cash conversion cycle reduces the profitability of the firm, and managers can increase shareholder value by lowering the cash conversion cycle to a potentially low level. They have identified a significant negative liability-profit connection. They also noticed that the company's size and profitability had a positive correlation. The relationship between the company's debt and profitability is also quite unfavourable."[2]

- **Babatosh Banerjee (1982)[3]** found in his company liquidity and profitability research in India *"the link between liquidity and profitability by comparing the liquidity trend between Indian medium and big public limited firms spanning the period 1971-78."* [3] In his research, he observed queer and ferrous goods and the maritime industry have an indirect link between liquidity and profitability, while silk, tobacco, textiles and radius do not.

- **James Clausen (2009)[9]** briefly stated liquidity ratios in his work. *"Investors and loan institutions commonly utilise ratio analyses to assess the profitability and liquidity of a firm. Investors may be reluctant to invest if the numbers imply bad performance.* [9] *The current ratio or working capital ratio therefore compares current assets for current liabilities. The current ratio evaluates the capacity of the firm to repay its short-term debt commitments using its current assets."* He believed that a greater debt-to-equity ratio indicated that the firm was uniquely equipped to pay back short-term debt using current assets than it was in the past. Consequently, the acid test ratio, also known as the quick ratio, contrasts current assets and liabilities in the same period of time. Quick assets are assets that can be turned into cash in a very short amount of time, such as cash reserves. Its stock of current assets is lower than the inventory of other firms.

- **Reddy and Patkar (2004)[17]** studied working capital and liquidity management in order to identify the elements that influence liquidity and profitability, as well as to determine the amount and components of working capital and liquidity management, among other things When it comes to predicting the amount of working capital required, their findings show that the large number of debtors and creditors is the most significant feature of previous assets and liabilities to take into account, according to the authors. [17]

- **Sherin (2010),** in her article "*Liquidity versus Profitability - Striking the Right Balance,"* studied the effects of liquidity and profitability on the operations of a firm as well as how to achieve a sustainable balance are explored. For a company's daily operations it is necessary to maintain an equilibrium balance between liquidity and profitability. To be successful, companies wishing to supply their goods and services to potential clients must make current investments. Depending on the context, competent management may occasionally have the intended effect on profitability or liquidity levels.

D. STATEMENT OF THE PROBLEM:

The growth of industry relies on a variety of aspects, including money, personnel, technology, product quality and marketing. Financial and operational concerns play a big role in the decision-making process for company development since they have a substantial impact on the end outcomes. A company's operations are heavily influenced by almost every aspect of its operations, which has a significant impact on the amount of cash it requires to remain in business and continue to function. The bulk of information pertaining to the operational sectors, in contrast to the financial management group, is not under the direct control of the financial management group, which is a significant difference. If the company does not understand the need of a professional business and financial analysis, the financial managers will still have difficulties identifying the company's profitability situation. In this regard, the researcher is interested in exploring the financial performance of pharmaceutical businesses. The current study entitled "“Financial Appraisal of Multinational Pharmaceutical Companies in India” *(with reference to Novartis India Ltd. & Glaxo India Ltd.)*" has thus been carried out.

E. IMPORTANCE OF THE STUDY:

For the selected pharmaceutical firms, the present profitability research study is highly valued, and it gives a comprehensive understanding of the pharmaceutical market as a whole. The research addressed the fundamentals and technical aspects of evaluating the financial analysis of the top pharmaceutical companies. Businesses may use this study to determine the profitability of their organisation as well as their main competitive advantage. Most financial analysts were trained to believe that stock market pricing businesses were occasionally wrong, and this is where financial analysis got its start. In the stock market, there are a variety of strategies to generate money depending on the market conditions. Identifying low-cost stocks and exerting influence over the market value of the company that owns them is one of the most often used tactics, and it is also one of the most popular investment strategies. To determine the worth and value of a firm, it is important to first study the financial records and financial reports that the company has produced. After examining these factors, you will have a better understanding of whether stock prices are now inexpensive or costly at the current market price. Financial assessments can also be performed in specific industries or throughout the whole economy.

F. NEED FOR THE STUDY

The pharmaceutical industry has lately risen to prominence in terms of its important role in the economy, and this is a good thing. The increasing number of pharmaceutical companies has piqued my curiosity, and I've started looking into it. As the number of pharmaceutical companies continues to grow at an alarming rate, this research will aid the pharmaceutical sector in keeping track of its profitability on a timely basis.

G. SCOPE OF THE STUDY:

The goal of this study is to evaluate the profitability situation of selected pharmaceutical businesses in India. The analysis might enable both the firm and investors to understand their financial efficiency. It tries to assist management discover its current financial difficulties and the specific fields in the company, which may need some effort to use its resources more effectively and effectively. The research is carried out over five years for chosen firms.

H. OBJECTIVES OF THE STUDY:

In the current study, one of the major objectives is to analyse the profit and growth rates of a representative sample of pharmaceutical companies. The specific objectives of the study are listed below, and they are further discussed in greater detail farther down in the article:

1. To assess the sample of Indian pharmaceutical businesses' profitability was examined based on their market share.
2. To investigate the factors that influences the sample of Indian pharmaceutical businesses' profitability.
3. To provide findings and recommendations, as well as the study's conclusion.

I. PERIOD OF THE RESEARCH:

The current research made use of a number of secondary sources of information, such as financial data from pharmaceutical companies. The information was obtained and analysed between 2007 and 2011, and (that is, from 1 April 2007 to 31 March 2011).

J. LIMITATION OF THE STUDY:

In light of the stakeholders' incapacity to think critically, the project's glacial growth, a lack of appropriate time, and the geographical distance between these two firms and the capital city of Delhi, it is tough to challenge their judgments. Our disappointment is that we do not believe any financial help was provided to the researchers, which we view to be a concern because it would have provided them with the resources they need to effectively finish their investigation, among other things. This study has some limitations, which we would want to make apparent. The most significant of them are as follows:

- A comprehensive investigation covering a lengthy period of time has not been carried out, which might lead to somewhat differing outcomes, i.e. from 2007 to 2011.
- Consequently, the accuracy, reliability, and overall quality of the secondary data collected from the www.moneycontrol.com website and sample businesses is entirely dependent on the accuracy, reliability, and overall quality of secondary data sources. Because of the assumption and relative measurements made regarding the source of data, it is possible that the findings will be impacted.
- Based on the findings of the study, two businesses from India's Pharmaceutical Industry were selected from the BSE's list of publicly traded companies. As a result, the correctness of the results is solely dependent on the data from the sample units. It is possible that the results will change somewhat if more sample units are used.

K. RESEARCH METHODOLOGY:

Research characterised as the collection of relevant information is a phrase commonly used in academia. According to the Oxford English Dictionary, "deliberate and methodical examination of specific subjects" is the conventional definition of the term "research." Both companies' annual reports are being examined for their financial statements, which is the topic of this inquiry. Supplemental information was obtained from the different offices of these companies in Mumbai and included in the annual reports of these companies. Factors were created to get equivalent data on inflation accounts and to convert past occurrences into current ones.

- Secondary sources of information will be used in the inquiry. A trustworthy and powerful business data source for doing research is collected and collected on the website www.moneycontrol.com for the years 2007 to 2011 and is available for free.
- In addition, supporting material is gathered from a range of sources, including books, journals, annual reports, and various newsprints.
- A sample technique was chosen for the participants of the event and the results were published once the competition was completed.
- Several statistical techniques and tests were performed during the investigation. Two companies were selected for additional examination and each company's financing structures were extensively analysed. Information about their work was obtained outside their yearly reports in Mumbai, India.

L. Research Instrument and Validation:

In one survey, questions were asked, and then information was collected in another. As part of the research method, the results of the both polls were compared to one another. Because of the findings of the study, it has become necessary to contact and interview executives from pharmaceutical corporations. Regardless of the circumstances, all information supplied by respondents must be treated as strictly secret by all parties involved.

Sample Design: No comprehensive list of pharmaceutical companies is accessible, thus data for this study is chosen by convenience sampling. Five firms having consistent financial data from the Bombay Stock Exchange and the National Stock Exchange of India were chosen. Certain firms are removed due to inconsistencies in financial data. These are the study's chosen pharmaceutical firms:

1. Novartis India Limited and
2. Glaxo India Limited

1. RESULT AND ANALYSIS

Analysis of Profit: It is one of many issues that are now being handled in the accounting business, and it is one of many challenges that are currently being addressed in the accounting industry. Profit measurement is one of many issues that are currently being addressed in the accounting industry. Accountants have a different conception of profit than economists, and there is a disconnection between the two concepts of profit. Accountant's profit is generated as a result of applying generally accepted accounting standards to a company's financial accounts, which results in a profit. To make choices about a company's overall performance as well as the quality and efficiency of its business operations and processes, profitability ratios are used to help determine how well the firm is doing. Profit ratios allow you to see how earnings compare to the amount of resources that were used in the activity under consideration, which is useful when analysing financial statements. Ratios of profit are a sort of ratio that may be used to compare the performance of two or more variables. Profitability and the efficiency with which a firm generates profits are important aspects in the eyes of shareholders since earnings are used to support corporate development and distribute dividends to shareholders.
We utilised several formula types to calculate different ratio types. We have collected several formulae from the Intermediate book. For our literature without a formula, formula is thus the most significant item. We can't calculate the ratio analysis or assess the pharmaceutical company's performance evaluation. We have examined profitability in each of the areas of

performance appraisal and financial position, as indicated by a number of formulae, and we have done so by utilising the given ratios in each of these categories.

Data Analysis and Interpretation

1.1: Gross Profit Ratio: We have examined profitability in each of the areas of performance appraisal and financial position, as indicated by a number of formulae, and we have done so by utilising the given ratios in each of these categories. The ratio may be used to assess the state of company by comparison it with the ratio of prior years and other businesses in the industry. In recent years, a constant improvement in the gross profit ratio has demonstrated a continual improvement. If the ratio is compared to other companies, the analyst should determine if they are using the same accounting systems and procedures. In order to assess the position of the firm in terms of its profitability index and net sales, gross profit is a ratio that is computed primarily for that purpose. The formula is as follows:

*Gross Profit Ratio = Gross Profit ÷ Net Sales *100*

Table A - The profitability ratios (Gross Profit Ratio) of Glaxo and Novartis companies were compared over a period of five years, from 2007 to 2011. *(Rs. in lacs)*

Glaxo India Ltd.				Novartis India Ltd.		
Year	Gross Profit	Sales	GP Ratio	Gross Profit	Sales	GP Ratio
2007	14163	56103.93	25.24%	5468	47646.72	11.50%
2008	49229	64500.97	76.32%	5313	50999.65	10.40%
2009	21697	69600.93	31.17%	4623	60720.64	7.60%
2010	24122	79384.04	30.38%	6265	66299.15	9.40%
2011	25121	88549.85	28.36%	10014	74713.69	13.40%

Source: Annual Reports

Interpretation to Table A : In light of the data shown in the preceding table, it can be inferred that Glaxo India Ltd. has an average GP Ratio of 38.29 percent, whilst Novartis has an average GP Ratio of about 10.46 percent. Glaxo India Ltd., according to the company, has an average GP Ratio of 38.29 percent on an annual basis, according to the firm. As a result of this move, Glaxo India Ltd. finds itself in a more advantageous position than it was in before to the transition. As a result of a profit realised on the sale of one of the company's undertakings, Glaxo India Ltd.'s gross profit ratio was determined to be unusually high in 2008. When further investigation was carried out, it was revealed that this was owing to a profit realised on the sale of one of the company's endeavours this was the first time something of this kind had occurred in the previous years.

1.2: Net Profit Ratio: The net profit ratio is a common profitability measure showing a connection between net income after taxes and net sales. It is the proportion relationship between net profit and net sales. The net profit ratio is a valuable metric to assess the company's total profitability. A high ratio represents the efficient administration of company activities. There is no norm for this ratio to be interpreted. To evaluate if the company continues to improve profitability or not, the analyst should evaluate the ratio with the previous years, the average industry and the expected net income ratio. The application of the net profit ratio in conjunction with the asset turnover ratio assists in finding how profitably the assets were utilised over a certain period of time. The following is the formula:

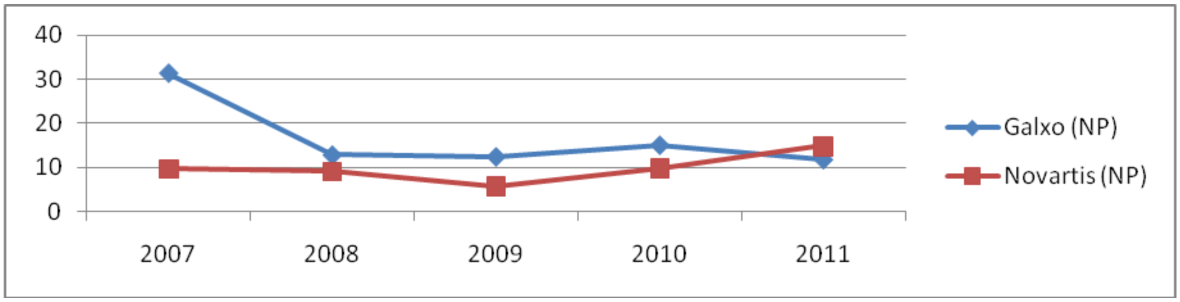
*Net Profit Ratio = Net Profit ÷ Net Sales *100*

Table B - The profitability ratios (Net Profit Ratio) of Glaxo and Novartis companies were compared over a period of five years, from 2007 to 2011: *(Rs. in lacs)*

Glaxo India Ltd.				Novartis India Ltd.		
Year	Net Profit	Sales	NP Ratio	Net Profit	Sales	NP Ratio

2007	17589.61	56103.93	31.4%	4669.41	47646.72	9.8%
2008	8304.70	64500.97	12.9%	4710.67	50999.65	9.2%
2009	8662.71	69600.93	12.5%	3536.95	60720.64	5.8%
2010	12003.18	79384.04	15.12%	6567.25	66299.15	9.9%
2011	10494.88	88549.85	11.85%	11164.11	74713.69	14.9%

Source: Annual Reports



Interpretation to Table B: Comparing Glaxo and Novartis during the same period, the average profit ratio of the two firms was 6.75 percent and 9.92 percent, respectively, according to the statistics. Novartis' profit ratio was 6.75 percent higher than Glaxo's and 6.75 percent higher than Glaxo's for Novartis.

1.3: Return on Shareholders' Funds: It is necessary to calculate the profitability of a business in respect to the money invested by its shareholders or owners in order to determine how successful the business is. Profitability ratios, such as Return on Shareholders' Funds, also referred to as Return on Shareholders' Equity, are used to determine the profitability of a business. It is highly important, in the perspective of the firm's owner, since it helps the company to assess whether or not it made enough profits to pay back its shareholders' equity.

Table C - The profitability ratios (Return on Shareholders' Funds) of Glaxo and Novartis companies were compared over a period of five years, from 2007 to 2011:

Year	Glaxo India Ltd.	Novartis India Ltd.
2007	79.62%	7.20%
2008	18.70%	8.00%
2009	15.30%	9.00%
2010	26.80%	16.00%
2011	21.40%	27.00%
Mean	32.36	13.44

Source: Annual Reports

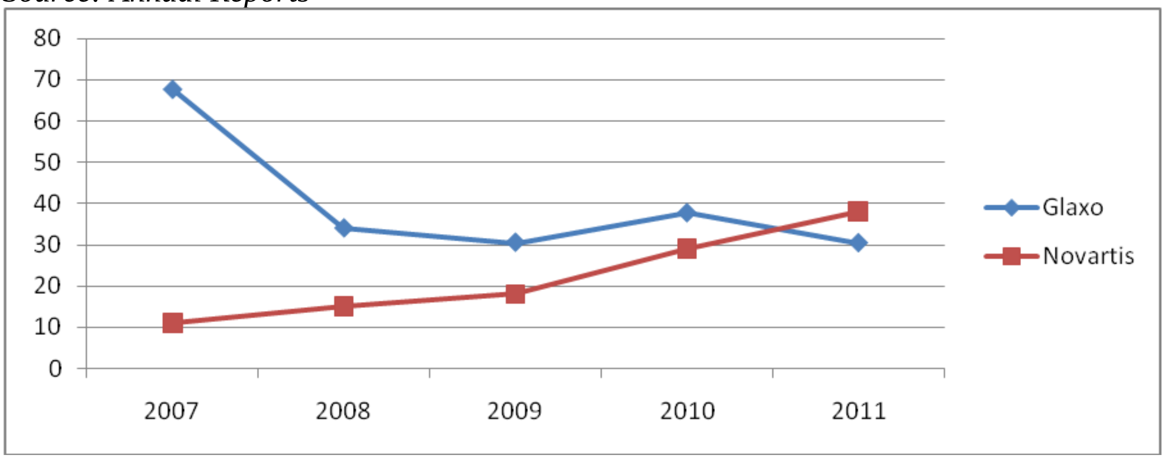
Interpretation to Table C : A profit was realised by Glaxo India Ltd. when it sold one of its firms in 2007, resulting in an unusually high return on the money spent by its investors. When Glaxo India Ltd. sold one of its companies in 2007, the company realised a profit. Glaxo India Limited, a pharmaceutical business based in New Delhi with its headquarters, was established in the year 1997.

1.4: Return on Capital Employed: Capital returns, which are a measure of profitability, are one of the metrics of profitability that investors analyse in order to estimate a company's return rate and profitability. In business, the financial ratio is a measure for measuring a company's profitability and capital efficiency. It assists individuals in understanding how a corporation makes the most of all of the money that is available in order to generate profit. It is possible to calculate profitability by calculating the return on capital employed, also known as return on investment, which allows the amount of profit made by each rupee from the total amount of rupees spent to be calculated. As can be seen in this example, it demonstrates how a company may reap financial benefits from its commercial operations. It is a long-term profitability ratio used to evaluate a company's long-term viability by taking into consideration the performance of its assets in conjunction with long-term financing.

Table D - The profitability ratios (Return on Shareholders' Funds) of Glaxo and Novartis companies were compared over a period of five years, from 2007 to 2011:

Year	Glaxo India Ltd.	Novartis India Ltd.
2007	67.8%	11%
2008	34.0%	15%
2009	30.5%	18%
2010	37.7%	29%
2011	30.4%	38%
Mean	40.08	22.2

Source: Annual Reports



Interpretation to Table D: The average return on the capital of Glaxo India Ltd. and Novartis India Limited is 40.08 percent, respectively in Glaxo India Ltd. and in Novartis India Limited, and the average rate of return on the capital of Glaxo India Ltd. is 1.8 times higher than the average return on the capital of Novartis International AG. In addition, the average return on capital used in Novartis (ROCE) or return on investment (ROI) rate is 40.08 percent, 1.8 times the average return on capital used in Glaxo India Ltd. The Return on Investment (ROI) rate of Novartis is 40,08 percent.

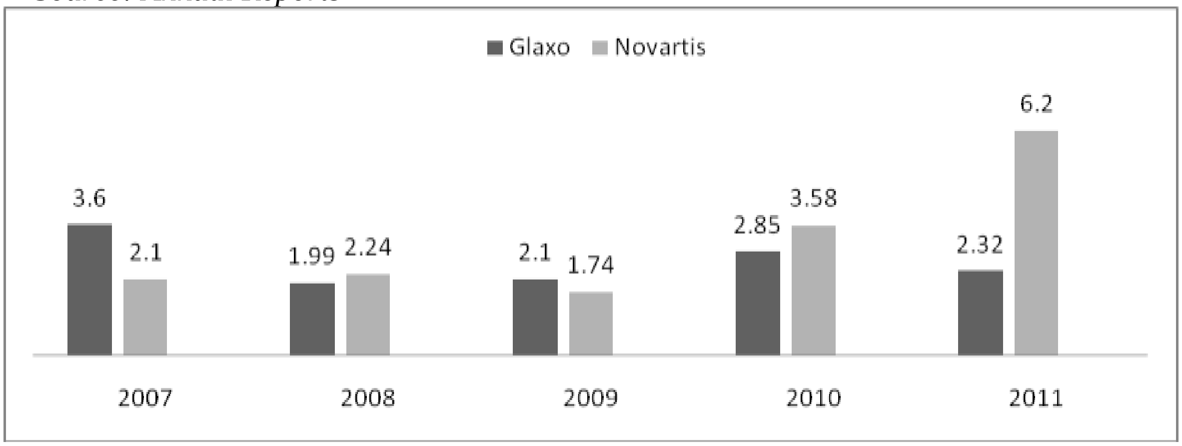
1.5: Profit per employee (PPE): It is an indicator of the efficiency that is used to assess the amount of money earned by each worker who works for a company or organisation. In order to assess the efficiency and productivity of an organization's typical employee, the profit per employee ratio must be calculated and reported. Salaries and perks for workers are among the most significant costs for many businesses. Furthermore, it is the staffs that are responsible for the success of a company. Because of this, businesses usually strive for high profit per employee to offset the costs of providing benefits to employees. In general, a larger profit per employee suggests that the firm is more efficient and productive in its operations. It is particularly beneficial for assessing firms that operate in the service industry because of the high level of revenue per employee.

Table E – Profit Per Employee in Glaxo India Ltd. & Novartis India Ltd.

(Rs. in Lacs)

	Glaxo India Ltd.			Novartis India Ltd.		
Year	PBT	No. of Employees	PPE	PBT	No. of Employees	PPE
2007	17589.61	4889	3.60	4669.41	2220	2.10
2008	8304.70	4330	1.99	4710.67	2105	2.24
2009	8662.71	4123	2.10	3536.95	2034	1.74
2010	12003.18	4207	2.85	6567.25	1834	3.58
2011	10494.88	4529	2.32	11164.11	1800	6.20

Source: Annual Reports



Interpretation to Table E: When comparing Novartis and Glaxo, the data indicates that Novartis generates a larger profit per employee than the latter. It is not difficult to determine the cause behind this. GlaxoSmithKline appears to have an overabundance of employees. Glaxo is urged to reduce the number of staff it has on hand or else it may find itself in difficulties, with a negative impact on its bottom line as a result of this.

FINDINGS:

An in-depth analysis that combines a range of profitability indicators is required when attempting to determine the financial performance targets for a firm in order to make informed decisions:

1. A comparison was made between the gross profit ratios of Glaxo India Ltd. and Novartis India Ltd. on the basis of their respective gross profit ratios. In the time under consideration, Glaxo India Ltd.'s gross profit margin (GP ratio) increased from 25.24 percent to 28.36 percent, indicating that the company's profitability has improved.
2. It was discovered that the average net profit ratio at GlaxoSmithKline was 6.75 percent over the same time period, whereas the average net profit ratio at Novartis was 9.92 percent over the same time period.
3. The average return of capital by Glaxo India Ltd. and Novartis was compared to 40.08 percent, which was almost 1.8 times higher than the average return on capital by Glaxo India Ltd. and Novartis.
4. Novartis India Limited saw an increase in its share of the market from 11.50 percent to 13.40 percent over the same time period. The profit per employee at Novartis was larger than the profit per employee at the other companies. Overstaffing at GlaxoSmithKline was recognised as a contributing cause in at least one of the incidents that took place there. When it comes to fat in the organisation, Glaxo should cut back on it, particularly in terms of superfluous personnel.

5. The return on shareholders' money in Glaxo Ltd. has decreased from 79.62 percent to 21.40 percent during the course of the study period, but the return on shareholders' funds in Novartis Ltd. has increased from 7.20 percent to 27% over the same period.
6. This was discovered as a consequence of the use of the technique. Novartis India Ltd., on the other hand, had its profit per employee increase from Rs. 3.60 lakhs to Rs. 2.32 lakhs in the same year, whilst Glaxo India Ltd.'s profit per employee decreased from Rs. 3.60 lakhs to Rs. 2.32 lakhs.

CONCLUSION:

This is significant because pharmaceutical firms are capital demanding and financial evaluations are essential for risk management and financial management. According to the World Health Organization, the amount of research studies conducted in developing nations like India is comparable to other areas of the world. The study yields the following conclusions:

1. Maintaining the liquidity and profitability of a firm can help it remain financially sound. The purpose of this study was to assess the financial health of chosen pharmaceutical firms. The gross profit ratio, equity returns and profit per employee have affected net profit ratio for selected pharmaceutical companies throughout this research period. However, the profitability of Indian pharmaceutical companies throughout the research period is good.
2. During the time of research, the profitability had some ups and downs, but it had no significant impact on the operations of firms. If pharmaceutical companies want to perform well, they have to invest more cash and sell more, only then can their performance be improved.
3. As a result of the significance of analysing performance ratios, going to compare companies in the same field of business, identifying new trends, and changing profitably, advanced specialized tools for multidimensional analysis, qualified individuals in analytic interpretation, and the ability to make significant decisions for prosperity are required.
4. An organization's ability to manage itself depends on its financial stability. As a result, parameters like profitability, profit margin per share of equity capital, and income per employee all have a significant influence on net profit ratios of pharmaceutical businesses over time. True, however the chosen Indian pharmaceutical businesses' profitability was satisfactory during the research endeavour. Throughout the research, the firm's profitability fluctuated, but this had little impact on its operations.
5. The pharmaceutical industry must invest more money and produce more sales in order to function effectively; only in this way will it be able to increase its level of productivity.
6. The companies are attempting to maximise profit and sales while simultaneously reducing various costs. It is possible to enhance the financial state of the company.

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