



A Comparative Analysis Of Selected Pharmaceutical Companies Of India: Pre, During And Post Pandemic

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Abstract: The research paper focus on the impact of pre, during and post COVID on Indian pharmaceutical companies in India. In other words, the paper analyses the profitability and financial performance of Indian Pharmaceutical companies for pre, during and post Pandemic. The researcher took three pharmaceutical companies listed on National Stock Exchange for the duration from 2018-2019 to 2023-2024. The data was used as secondary data. The conclusion for this study found that general effect of pandemic period at the pharmaceutical companies in India has been positive in some parameters for all of the companies. On the basis of these parameters have a look at the pandemic activities are fully favorable as compare to pre COVID to pharmaceutical companies.

Keywords: Pharmaceutical Company, Financial Performance, COVID Activities, Profitability, National Stock Exchange.

INTRODUCTION

Pharmaceutical companies are integral to the healthcare industry, focusing on the discovery, development, production, and marketing of medications and medical devices. Their primary goal is to develop treatments that cure or prevent diseases, alleviate symptoms, and improve overall patient health. Pharmaceutical companies play a critical role in advancing medical science and improving global health outcomes through their dedication to developing and providing effective medical solutions.

Financial Statement:

In accounting, a financial statement is a written record that summarizes an organization's financial activities and performance over a specific period. It provides a structured overview of a company's assets, liabilities, equity, revenue, expenses and cash flows that allowing shareholders to assess its financial health and performance. These statements are crucial for decision making for both internally within the organization and externally by investors, creditors and regulators.

Sun Pharmaceutical Industries limited:-

Sun Pharmaceutical Industries limited is an Indian multinational pharmaceutical company headquartered in Mumbai. Founded in 1983 by Dilip Shanghvi, it is the largest pharmaceutical company in India and one of the world's leading specialty generic drug manufacturers. Sun Pharmaceutical produces and markets a wide range of pharmaceutical formulations and active pharmaceutical ingredients (APIs) across various therapeutic areas, including neurology, cardiology, gastroenterology, and dermatology. With operations in over 100 countries, the company is known for its strong research and development focus, strategic acquisitions, and commitment to affordable healthcare solutions.

Divi's Laboratories Limited:-

Divi's Laboratories Limited is an Indian multinational pharmaceutical company headquartered in Hyderabad, Telangana. Established in 1990, it specializes in manufacturing active pharmaceutical ingredients (APIs), intermediates, and nutraceutical ingredients. Divi's is a key supplier to global pharmaceutical companies, known for its high-quality products and compliance with international regulatory standards. With a strong focus on research and development, the company operates multiple manufacturing and R&D facilities in India and exports to over 95 countries. It is recognized as one of the leading API manufacturers worldwide.

Introduction on Cipla Limited:-

Cipla limited is an Indian multinational pharmaceutical company headquartered in Mumbai. Founded in 1935 by Khwaja Abdul Hamied, Cipla is known for its commitment to providing affordable and accessible medicines globally. The company specializes in manufacturing generic drugs, active pharmaceutical ingredients (APIs), and over-the-counter medications across various therapeutic areas, including respiratory, cardiovascular, and HIV/AIDS treatments. With a presence in over 80 countries and 47 manufacturing sites worldwide, Cipla plays a significant role in the global pharmaceutical industry, focusing on innovation, quality, and patient-centric healthcare solutions.

Objectives of the Study: To study and compare the revenue, profitability and return on assets of top three Pharmaceutical companies as per their highest market capital.

REVIEW OF LITERATURE

Bhople M., Dwivedi N. (November 2023), researched on “A Comparative Study of Performance Analysis of Selected Pharmaceutical Stocks before and After Covid”. This paper was discussed about top five Pharma company and their profitability analysis considering two years before and two years after Covid-19 impact. This research paper mainly focused on profitability areas of selected Pharma companies and the factors are annual sales growth, operating profit margin, net profit and Earning Per Share for the years 2019 to 2022.

Dhanya A., Shankarnarayan K.C. (September 2021), researched on “Indian Pharmaceutical Industry in Covid-19 pandemic- Its opportunities and challenges”. The objective of this research paper is to understand the opportunities and challenges faced by Indian Pharmaceutical industry in covid-19 situation prevailing all over world. The conclusion of this paper was to despite all the challenges Indian pharmaceutical industry has potential to beat all odds. India stood unshaken in first wave of Covid but in second wave scattered but now Pharma companies learnt from past experiences and is expecting and preparing to beat third wave.

S. Aseel, T. Fatema (June 2021), researched on “Pharmaceutical Marketing Transformation due to COVID-19 Pandemic”. The objective of this paper was to evaluate and discuss changes and shifts in pharmaceutical marketing strategies due to COVID-19. This review paper provides an insight to marketing managers in the pharmaceutical industry to continue adjusting and modifying their marketing strategies due to COVID-19.

Mittal S. & Sharma D. (2021), researched on “The Impact of Covid-19 on stock Returns of the Indian Healthcare and Pharmaceutical Sector”. The purpose of this paper was to find out how has this pandemic has this pandemic impacted the healthcare and pharmaceutical stocks. Researcher applied the event study approach and this approach suggested that there had been significant abnormal returns and cumulative abnormal returns in this healthcare and Pharma sector.

RESEARCH METHODOLOGY

Scope of the Paper: The paper has taken into account the revenue, profitability and return on assets of the firm which is three publically traded companies listed on the National Stock Exchange and Bombay Stock Exchange.

Sources of Information: The current study is based on secondary data which is collected from the annual reports of the companies. The major platforms to derive the data are <https://www.screener.in/> and <https://www.moneycontrol.com/>.

Sampling Method: Non Probability Convenience sampling method.

Sample Size: The study is carried out on selected three pharmaceutical companies i.e. Sun Pharmaceutical Industries Limited, Divi's Laboratories Limited and Cipla Limited.

Periodical Study: The study is carried out on the data of six financial years i.e. FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24. Out of these FY 2018-19 and FY 2019-20 are to be

considered as Pre-COVID; FY 2020-21 and FY 2021-22 are to be considered as during-COVID and FY 2022-23 and FY 2023-24 are to be considered as Post-COVID.

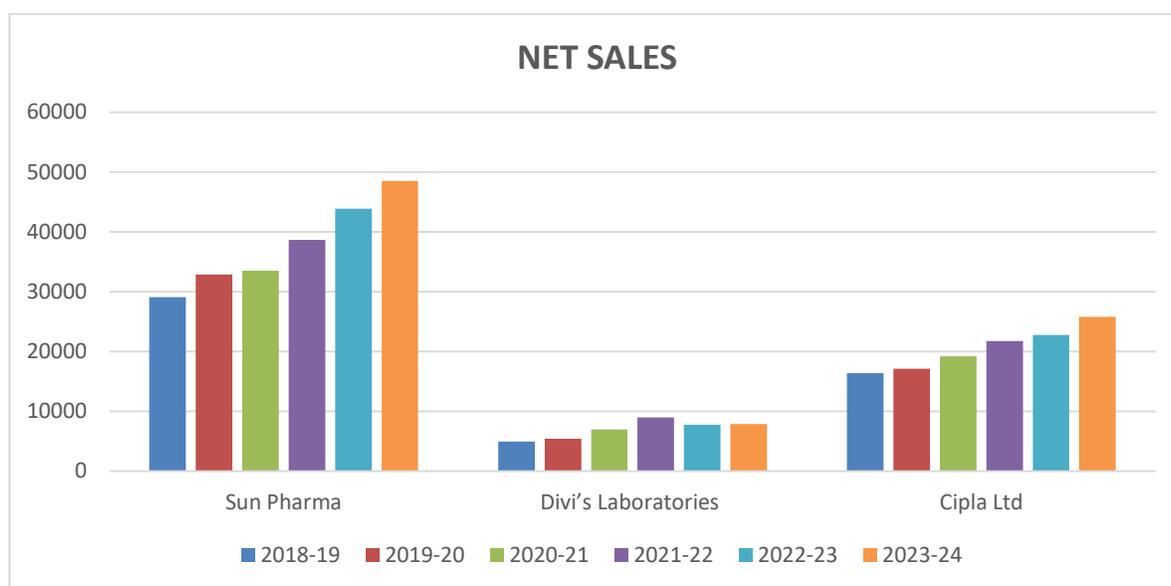
RESULTS AND INTERPRETATION

Table 1 - Net Sales of Sun Pharmaceutical, Divi's Lab & Cipla (Rs. in Crores)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Sun Pharma	29066	32838	33498	38654	43886	48497
Divi's Laboratories	4946	5394	6969	8960	7767	7845
Cipla Ltd	16362	17132	19160	21763	22753	25774

(Source: Company's website)

Figure 1 - Net Sales of Sun Pharmaceutical, Divi's Lab & Cipla (Rs. in Crores)



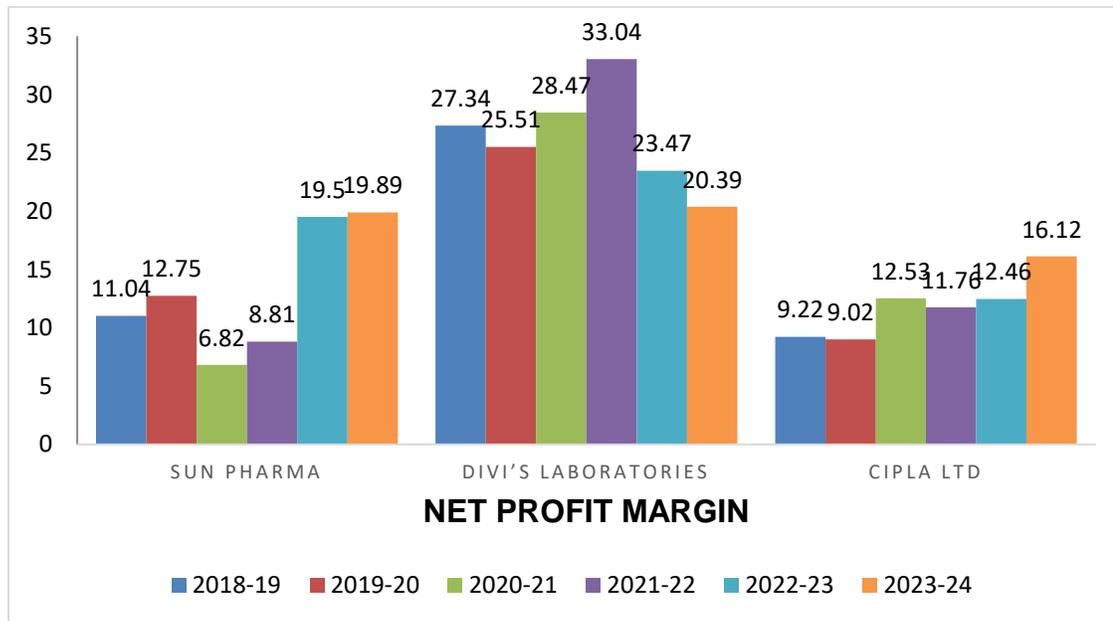
(Source: Own Compilation)

Interpretation: Sales is the prime factor as a source of revenue and considering the six years it has increased in Sun Pharmaceutical and Cipla under the study. The Sun Pharmaceutical industries continue grows before covid i.e. FY 2018-19 and FY 2019-20, during covid i.e. FY 2020-21 and FY 2021-22 and post covid i.e. FY 2022-23 and FY 2023-24 too. The Cipla Ltd also continue grows from pre covid to post covid i.e. FY 2018-19 to FY 2023-24 but in somehow aspect. Elsewhere from the figure 1, we can see that the Divi's Lab increase their sales in pre and during covid but their sales is decreased just after covid and then they stabilize their sales again in the financial year of 2023-24.

Table 2 - Net Profit Margin of Sun Pharmaceutical, Divi's Lab & Cipla (in %)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Sun Pharma	11.04	12.75	6.82	8.81	19.50	19.89
Divi's Laboratories	27.34	25.51	28.47	33.04	23.47	20.39
Cipla Ltd	9.22	9.02	12.53	11.76	12.46	16.12

(Source: Company's website)

Figure 2 - Net Profit Margin of Sun Pharmaceutical, Divi's Lab & Cipla (in %)

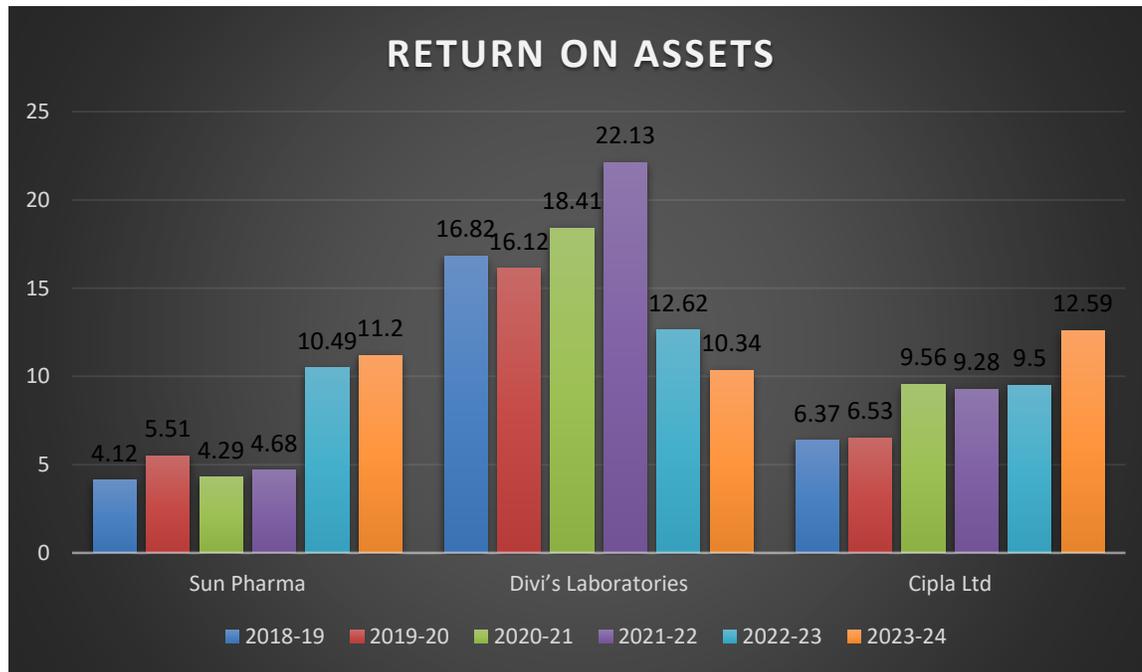
(Source: Own Compilation)

Interpretation: From the figure 2, we can see that in the Sun Pharma industries, the net profit margin is above 10% before the covid period but the covid affects the profit margin and it declines by 5% and 4% in FY 2020-21 and FY 2021-22 respectively. The net profit margin of Cipla Ltd is increased continuously from pre covid to post covid i.e. FY 2018-19 to 2023-24. Moreover the maximum net profit margin is showing in the figure of Divi's Lab which is during the covid i.e. FY 2020-21 and FY 2021-22 and but then net profit margin is declined post covid by more than 10% and 13% in FY 2022-23 and FY 2023-24 respectively.

Table 3 – Return on Assets of Sun Pharmaceutical, Divi's Lab & Cipla (in %)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Sun Pharma	4.12	5.51	4.29	4.68	10.49	11.20
Divi's Laboratories	16.82	16.12	18.41	22.13	12.62	10.34
Cipla Ltd	6.37	6.53	9.56	9.28	9.50	12.59

(Source: Company's website)

Figure 3 – Return on Assets of Sun Pharmaceutical, Divi’s Lab & Cipla (in %)

(Source: Own Compilation)

Interpretation: From the figure 3, we can see that in the Sun Pharma industries the return on assets is below 5% before and during the covid period but post covid affects the return on assets and it increases by 5% and 6% in FY 2022-23 and FY 2023-24 respectively. The return on assets of Cipla Ltd is increased continuously from pre covid to post covid i.e. FY 2018-19 to 2023-24. Moreover the maximum return on assets is showing in the figure of Divi’s Lab which is 18% and 22% during the covid i.e. FY 2020-21 and FY 2021-22 respectively but then return on assets is declined post covid by more than 10% and 12% in FY 2022-23 and FY 2023-24 respectively.

CONCLUSION

The paper focused on three pharmaceutical companies and their revenue, profitability which depends upon their sales which has grown continuously for all the company pre, during and post Covid but net profit margin and return on assets are different for all the three companies. The Sun Pharma industries’ net profit margin is above 10% before the covid period but the covid affects the profit margin and it declines by 5% and 4% and the net profit margin of Cipla Ltd is increased continuously and for Divi’s Lab has maximum net profit margin during the period FY 2020-21 and then declines post covid. In the Sun Pharma industries the return on assets is below 5% pre and during the covid period but post covid affects the return on assets and it increases by 5% and 6% in FY 2022-23 and FY 2023-24 respectively. The return on assets of Cipla Ltd is increased continuously throughout the period and for Divi’s Lab ROA is maximum which is 18% and 22% during the covid i.e. FY 2020-21 and FY 2021-22 respectively but then return on assets is declined post covid by more than 10% and 12% in FY 2022-23 and FY 2023-24 respectively.

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