CHAPTER 6

SUMMARY, FINDING AND SUGGESTION

Sr. No   Particulars

6.1 Summary..........................................................................................................................
6.2 Finding.............................................................................................................................
6.3 Suggestion......................................................................................................................

5.1 SUMMARY

The entire Research report has been presented in the following chapters which are as under:

Chapter-1 Research Methodology

The “Research Methodology” of the research work it covers Introduction, Definition Review of Literature, Statement of the problem, Title of the Study, Research Area and Type of Research- Study, Objectives of the Study, Hypothesis of the study, Universe of the Study, Sampling Design, Data Collection, Period of the study, Tools and statistical techniques, Chapter plan, and Limitation of the study.

Chapter-2 Introduction of Pharmaceutical Industry

Chapter-3 Conceptual Framework of Financial Performance Analysis


Chapter-4 Brief profile of the selected companies

This chapter gives an Introduction, Sun Pharmaceutical Industries, Lupin pharmaceutical, Dr. Reddys Laboratories, Cipla pharmaceutical industries, Aurobindo Pharma Company, Cadila Healthcare, Glenmark Pharma, GlaxoSmithKline Pharmaceuticals, Divis Laboratories and Torrent Pharmaceuticals.

Chapter-5 Data Analysis and Interpretation


Chapter-6 Summary, Finding and Suggestion

This chapter is related to the analysis of the data .After analysis that gives some findings some of the suggestions are regarding of the introduction of changes that need to be done by sample Taxtile companies to improve their performance.
5.2 Findings

The following Results are found out by researcher during research work

### Findings of Analysis of Variance

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Variable</th>
<th>Result</th>
<th>Findings</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operating Profit Margin</td>
<td>F- Table=2.12 F-Cal = 2.88</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the operating profit margin of selected Pharmaceutical Industries during the study period.</td>
</tr>
<tr>
<td>2</td>
<td>Gross Profit Margin</td>
<td>F- Table=2.12 F-Cal = 2.19</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Gross profit margin of selected Pharmaceutical Industries during the study period.</td>
</tr>
<tr>
<td>3</td>
<td>Net Profit Margin</td>
<td>F- Table=2.12 F-Cal = 0.95</td>
<td>H₀ Accepted</td>
<td>There is no significant difference in the Net profit margin of selected Pharmaceutical Industries during the study period.</td>
</tr>
<tr>
<td>4</td>
<td>Return on Capital Employed</td>
<td>F- Table=2.12 F-Cal = 3.37</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Return on Capital Employed of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>5</td>
<td>Return on Net worth</td>
<td>F- Table=2.12 F-Cal = 3.92</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Return on Net Worth of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>6</td>
<td>Gross Return on Long Term Funds</td>
<td>F- Table=2.12 F-Cal = 7.49</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Gross Return on Long Term Funds of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>7</td>
<td>PBIT</td>
<td>F- Table=2.12 F-Cal = 2.43</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Profit Before Interest &amp; Tax of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>8</td>
<td>Cash Profit Margin</td>
<td>F- Table=2.12 F-Cal = 2.71</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Cash Profit Margin of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>9</td>
<td>Return on Assets Excluding Revaluations</td>
<td>F- Table=2.12 F-Cal = 2.71</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Return on Assets Excluding Revaluations of selected Pharmaceuticals Industry during the study period.</td>
</tr>
<tr>
<td>10</td>
<td>Current Ratio</td>
<td>F- Table=2.12 F-Cal = 4.18</td>
<td>H₁ Accepted</td>
<td>There is significant difference in the Current Ratio of selected</td>
</tr>
</tbody>
</table>
5.3 Suggestion

- At the first glance the overall performance of selected pharmaceuticals companies is satisfactory. Operating Profit Margin is the good indicator of internal control system. Investor needs to scrutinize this ratio. So far as concern to operating profit margin,
alternate hypothesis has accepted in the selected pharmaceuticals companies during the study period. It is good indicator for the company and they may maintain this position over a period of time. Sun pharmaceuticals ltd. should try to increase internal control system over a period of time.

- So far as concern to gross profit margin ratio of GlaxoSmithKline Pharmaceuticals ltd. doesn’t earn profit during last four year of the study period. It is not a good sign for the company. Company should control over their material, labour and manufacturing expenses.

- Net profit margin is one of the best profits showing tool for any company. There is no significant difference in Net profit margin of selected pharmaceuticals companies during the study period. It shows that profit creating ability of Divis Laboratories Ltd. has been high. Rest of companies will try to improve their net profit margin over a period of time. This is not a good sign and it suggests that companies manufacturing and other expenses are high. Company must control over them over a period of time.

- Return on Capital Employed reflects company's ability to generate returns from its available capital base. Table No. 7 shows good position of ROI. It is good sign for the company. Company should maintain this position over a period of time.

- Return on net worth measures the ability of company’s management to realize an adequate return on capital invested by the owners in the company. There is significant difference in Return on net worth of selected pharmaceuticals companies during the study period. Sun pharmaceuticals ltd. shows lowest ratio among selected pharmaceuticals company. This is not a good sign for the company and it suggest that company doesn’t able to generate for their investors. Company should try to improve Return on net worth over a period of time.

- So far as concern to gross return on long term fund it was found that sun pharmaceuticals ltd. having lowest ratio among selected pharmaceuticals companies. It is not good sign for the company. It shows that company’s raw expenses is high, company should try to minimize these expenses over a period of time.

- Profit before Interest and Tax Margin Ratio gives information on a company's earnings ability. Glaxo smithkline Ltd. and sun pharma. Ltd. having low & negative
EBIT margin ratio during the study period. It shows that company has no control over their cost of production, company has low earning capacity. These two companies should rethink the business model.

- Cash profit margin ratio shows overall good performance during the study period. Glaxo Smithkline Ltd. will try to improve highly liquid assets to repay their liabilities. Company should try to increase cash profit margin ratio over a period of time.

- The return on assets formula looks at the ability of a company to utilize its assets to gain a net profit. Dr. Reddy’s Lab. Ltd. has highest return on asset among sample companies during the study period. This shows that company fully utilize their asset, company may maintain this position over a period of time. Sun Pharmaceuticals Ltd. registered lowest return on asset among sample companies. This shows that company does not utilize their assets to earn adequate profit. Company should utilize their assets at full capacity to get maximum return.

- Current ratio shows company’s ability to repay their short-term liability from short-term assets. Aurobindo Pharma Ltd. having very low current ratio during the study period. Company should try to increase liquidity position over a period of time by increasing short-term assets.

- So far as concern to quick ratio Glenmark Pharmaceuticals Ltd. got highest position among selected pharmaceuticals companies. It is good sign for the company to meet their immediate payment. Company should maintain this position over a period of time. Although all sampled companies able to pay their quick payment during the study period. But since F cal. is higher than F table, it shows that there is significant difference in the quick ratio of selected pharmaceutical companies during the study period.

- With reference to interest paying ability of selected pharmaceuticals companies Sun Pharmaceuticals Ltd. having highest ratio among selected companies. It is good sign for the company. While Aurobindo pharmaceuticals Ltd. having lowest ratio among sampled companies. It shows that company more rely on debt capital. Company should minimize their debt over a period of time.
So far as concern to financial performance of selected pharmaceuticals companies financial charges to coverage ratio accept null hypothesis, it is good sign for the company. Furthermore Aurobindo pharmaceuticals ltd. registered lowest ratio among sampled companies. This shows that company fails to pay their Fix financial expenses such as interest or lease rent. Company should try to increase their operating profit over a period of time.

So far as concern to inventory turnover ratio Divis laboratories ltd. having lowest ratio among sampled companies. It is not good signing for the company it shows week inventory management which is a danger signal to the management. Company should increase quality of their stock over a period of time.

In any business organization cash sales and credit sales both are important. But management of credit sales collection of the company gives high profitability. Aurobindo ltd. having low debtor turnover ratio during the study period. Company should try to improve credit sales policy over a period of time.

Finance activity is the most important in business organization; investment turnover ratio is one of the most important tools to measure performance of finance department. Aurobindo ltd. having lowest investment turnover ratio. Company should try to increase more trading activity over a period of time.

To measure how efficiently company utilizes their retained earnings, fix asset turnover ratio is important tool. Divis laboratories ltd. having lowest ratio among sampled companies. Company should try to maximize advertisement expenses, quality of finished goods over a period of time. Glenmark pharmaceuticals ltd. having highest ratio among sampled companies. It is good sign for the company and company should try to maintain this position over a period of time.

As concern to asset turnover ratio alternate hypothesis has been accepted during the study period. It shows that there is significant difference in asset turnover ratio of sampled companies during the study period. It is not good sign for the company.

So far as concern to dividend per share ratio over all satisfactory performance during the study period. Glaxo smithkline pharmaceuticals ltd. is one of the best performing company during the study period. This shows that company maximizes their
shareholder’s value. Remaining selected textile units will try to improve dividend per share in the future.

- As concern to book value ratio of sampled companies, Dr. Reddys laboratories ltd. having highest ratio during the study period. Company should try to maintain this position. Sun pharmaceuticals ltd. having lowest ratio among sampled companies during the study period. Company should try to maximize their goodwill over a period of time.
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