

DELHI SCHOOL OF BUSINESS

By Vivekananda Institute of Professional Studies-TC

CAPSTONE PROJECT REPORT

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**FUNDAMENTAL ANALYSIS ON INDIAN
PHARMACEUTICAL COMPANY- CIPLA**

**DELHI SCHOOL OF BUSINESS
PGDM BATCH 2022-24**

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ABSTRACT

India Ratings suggested that, the compound annual growth rate (CAGR) the Indian Pharmaceutical industry is expected to rise above 20% over the next five years. Thus, NSE businesses such as Cipla have daily trade volumes in excess of 2 lakhs. To learn about long-term investment knowledge and stocks that provide short-term profits. Fundamental study of secondary data gathered from the corporate website and the NSE website. Cipla emerged from their financial ratios research with solid fundamentals etc. The company was an excellent long-term investment possibility. Cipla emerges with the strongest purchasing signal based on thinking of the investor, functions of the maths, book and financial statements, and analysis of the ratios..

INTRODUCTION OF INDIAN PHARMACEUTICAL COMPANY

Pharmaceutical manufacturing, one of India's main businesses, is expected to perform well in the next years. In India, pharmaceutical companies generated more than \$20 billion in total sales in the most recent fiscal year. By 2017, the value is expected to exceed \$26 billion. In terms of volume, India's pharmaceutical sector is third largest. With an ageing population, rising healthcare costs, and the ongoing discovery of breakthrough, very profitable pharmaceuticals, the pharmaceutical industry has long been a major player in the sector of health and wellness. Because of this, buying the stocks of the Indian pharma brands are a very viable option as it is a solid investment.

An item or object is termed an asset if it is purchased with the hope of future income or value appreciation. An economic purchase of commodities that will not be consumed very quickly but will be used to generate profit later on. It is primarily used to ensure safety and serve as an inflation hedge. Investing in various assets is a fascinating activity appeals to each and every single person from any business or profession regardless of its financial being and wellness or family background.

Stock is a unique sort of investment since they grant us a small interest in a company. Because the returns are very high, and they make of sensible investments options with our money. Securities investing can be rewarding and thrilling. It is satisfying, but it is fraught with risk and requires correct knowledge as well as creative ability. Such investments involve both intellectual and emotional emotions. Investing in financial assets may be both risky and profitable. Investors have a variety of options, including mutual funds, stocks, fixed income products such as bonds, and bank accounts.

The optimum option will be determined by the risk and return characteristics of each stock. As a result, before making an investment, an investor should assess the risk, return, and performance of the prospective investment. Under these conditions, risk return and security assessments are more important than ever. Analytical studies, such as security and portfolio analysis, will confirm the portfolio firms' performance. Security analysis is inextricably linked to a strict examination of fundamental and technological factors. A stock that a potential investor wishes to buy is exposed to fundamental analysis to forecast its future price. In order to check whether the present market value is fair, overpriced or undervalued, it also sees the underlying value of the company.

It can be seen that by checking the market, product, strategy financial position management, and pertinent facts, investors be able to select stocks that will rise in the market and generate good returns, It is the study of the fundamental factors of the , industry, and enterprises. It attempts to see how the capital market will move in the future by analysing indicators from the economy, industry, and company. It demands a more extensive market analysis.

It holds that researching the market, strategy, management, product, financial situation, and other relevant data would enable investors to choose stocks that will grow rapidly in the market and yield steady profits. It is investigation of underlying factors that have an impact on the interests of the economy, industry, and businesses. It makes an effort to predict how the capital market will move in the future with the help of the current situation of the economy, industry, & company. It necessitates a more detailed analysis of the environment.

Fundamental Analysis involves:

1. Company Analysis

Investors typically conduct company analysis to assess securities by gathering information about the firm's profile, materials and products, and returns. It shows the known as 'fundamental analysis.' Fundamental details about the business, including its vision and mission statements, objectives and values. An investor checks the past of the firm along with all the necessary analysis process.

2. Economic Analysis

In this, the focus is on broader macroeconomic problems that have an effect on the economy as well as the stock market. The macro fundamental analysis start with the overall state of the economy then moves too see how that effect happens on the industry groups and then shifts towards individual businesses.

3. Industry Analysis

An organization can see how it is performing in the market by comparing it to other businesses that manufacture the same finished goods by using the industry analysis method. Comprehending the changes of the operating market border industry s very crucial for devising a successful strategy.

CIPLA

Cipla Limited, headquartered Mumbai, is an Indian Pharmaceutical Company. Khwaja Abdul Hamied, the founder of the company established it in 1935, and it specialises on developing pharmaceuticals to cure a wide range of conditions, including asthma, cardiovascular disease, arthritis, diabetes, depression, and many more.

Cipla only works for the people to ensure that people who want good quality, affordable drugs. Because of this, medical experts and people around the world have put their trust in Cipla for the past eight decades.

Cipla has been built on the foundation of care, one brick at a time.

It established itself into 75 more countries and offers over 1490 pharmaceuticals in 50+ dosage forms across a wide range of therapeutic categories. Cipla is currently growing its footprint in key markets like as Asia, Africa, and the United States of America, as well as the economies of new emerging countries, in an a process to help people in need worldwide.

LITERATURE REVIEW

FUNDAMENTAL ANALYSIS OF INDIAN PHARMACEUTICAL COMPANIES

BY CMA (DR.)Ashok Panigrahi. Raksha Sharma Published in *GLOBAL MANAGEMENT HORIZON* Volume – VII, Jan - June 201

The Actual value of the stock is calculated by measuring the company's earning potential, which is determined by the investing market as well as characteristics such as industry competitiveness, management quality, how efficiently the run, returns, finance, and dividend policy. Many investors employ calculations to choose the companies . It refers to the evaluation of a company's inherent worth to determine if the present market price is fair, overpriced, or under priced.

It is believed that analysing the economy, strategy, management, product, financial state, and other relevant information would assist in selecting shares that will outperform the market and deliver consistent returns to investors. It is an investigation of the underlying causes that influence the interests of the economy, industrial sectors, and businesses. Various statistical techniques were used to analyse the financial performance of ten selected pharmaceutical and healthcare organisations in order to conduct a fundamental study. Torrent Pharmaceuticals is the number one company, with Piramal coming in second.

FUNDAMENTAL ANALYSIS OF STOCKS LISTED IN BSE WITH REFERENCE TO PHARMACEUTICAL INDUSTRY

BY Kirtee Khubchandani, Riddhi Sanghvi

The securities market is a subset of the larger financial market in which securities can be purchased and sold between members of the economy based on demand and supply. The Indian pharmaceutical business is expected to develop at a 20% compound annual growth rate (CAGR) during the next five years, according to Fitch Group Company. Cipla, Ranbaxy, Aurobindo, Vedanta, Sunpharma, and Cadila are among the BSE health care companies with daily trade volumes in excess of two lakhs. To identify equities that offer short-term gains and to analyse the results of ratios calculated using the tools provided.

Fundamental study of secondary data gathered from the corporate and BSE websites. Cadila, Sunpharma, and Cipla emerged with solid fundamentals in terms of management efficiency, cash conversion cycle, profitability, and optimal capital structure, as evidenced by their financial ratio analyses. The study design used is descriptive and analytical in character. The study analyses the trends of specific equities during a five-year period, from April 1, 2013 to March 31, 2018. These companies offered promising long-term investment opportunities. Cadila and Cipla show the strongest purchasing signals based on investor psychology, mathematical functions, financial statements, and

ratio analysis. The purpose of this article is to demonstrate how investors can build a superior value portfolio using simple historical financial performance.

Fundamental analysis of selected pharmaceutical company's Share Price Movements In Nifty

BY MRS. SUGANYA PUBLISHED ON 22 JANUARY 2016

According to a report by equity master, the Indian medicines market is the third largest in terms of volume and the thirteenth largest by value. Branded generics dominate the pharmaceuticals business, accounting for roughly 70 to 80 percent of the market. The study used four companies' five-year stock prices from the Nifty index. Dr. Reddy's Laboratories, Cipla Ltd, Ranbaxy Laboratories, and Sun Pharma. The primary goal of this research is to assess the overall efficiency of the selected pharmaceutical companies listed on the NIFTY and to undertake fundamental analysis of key pharmaceutical stocks. Secondary data were acquired using company manuals, journals, annual reports, and websites. The investigation was conducted using intrinsic value computation and ratio analysis. Over the period of study, it shows the overall efficiency of the firm.

According to equity master's assessment, the Indian pharmaceuticals market ranks third in volume and thirteenth in value. Branded generics dominate the pharmaceutical business, accounting for around 70% of sales. For the Nifty study, four companies' five-year stock values were considered. Sun Pharma, Ranbaxy Laboratories, Dr. Reddy's Laboratories, and Cipla Limited. The key goals of this study are to analyse the overall effectiveness of the chosen pharmaceutical companies listed on NIFTY and to conduct fundamental analysis on significant pharmaceutical sector stocks.

BY MR. Bansal (1996)

The literature review is a critical study of prior research relevant to the job at hand. References to previous studies will be relevant in the context of the current investigation. According to Zahir and Yakesh (1982), dividend per share is the most important factor determining share price, followed by dividend yield, book value per share, dividend coverage, and return on investment, in that order. Chandra (1989) conducted a study on 50 shares chosen at random from a collection of 110 shares of companies in all industries except banking, insurance, and textiles, and discovered that returns, growth, and size have a positive influence on share price, however risk and leverage have no effect.

FUNDAMENTAL ANALYSIS

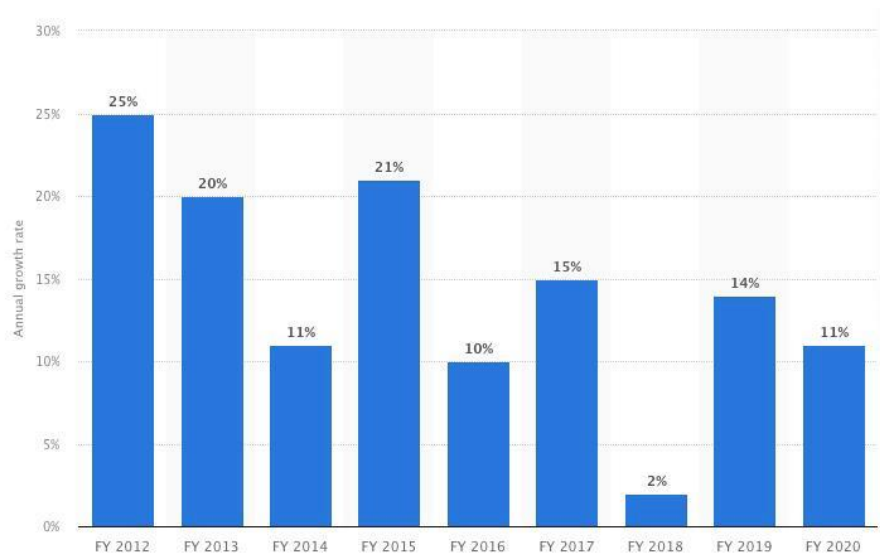
ECONOMIC ANALYSIS

MACRO-ECONOMIC FACTORS

The study where all the business operate in an economic context is known as the macro economy. These are the characters,

1. GROWTH RATE OF GROSS DOMESTIC PRODUCT(GDP)

A quantify of aggregate output summarises an economy's total economic activity. Because the final goods and services produces revenue, any total output quantity is related to an total earning measure. The GDP, is the total production concept used in the United States today. GDP is a measurement all manufactured commodities and services valued at market values.



In the fiscal year 2020, Cipla, market value increased by over 11% only in India as compared to the past year which is low. Still there was only 10 percent growth in the Indian pharmaceutical business.

2. SAVINGS AND INVESTMENT

A providence growth need appropriate investments, which are based on the value of the savings of the domestic hosholds. The amount of savings is positively associated to investment in a country. The greater the allocation of equity in investment, the more favourable the influence on stock price.

Cipla, a pharmaceutical business, has agreed to purchase an additional stake in digital tech company GoAptiv Private for almost Rs 26 crore, increasing its equity to 22.02 percent.

The investment will be made in equity shares and Compulsorily Convertible Preference Shares and is expected to be completed within 30 days or such other date mutually agreed upon by the parties. The creation of novel drug delivery methods, the improvement of platform technologies, and the

facilitation of infrastructure supporting API and formulation advancements are examples of investments in manufacturing capital.

3. PRICE AND INFLATION

Compared with 18.87% increase in the Nifty Pharma Index, Cipla shares have increased by 9.53% thus far in 2023.

4. GOVERNMENT BUDGET AND DEFICIET

The government plays a crucial play in the development of any providence. The government creates a financial blueprint that includes more information about the governments income, expenditure, and deficit for a certain time period. The federal government's budget deficit at the end of February, according to statistics provided by the Controller General of Accounts (CGA) on Friday. The actual fiscal imbalance or gap between expenditure and income collection for the April-February period was Rs 14.53 lakh crore.

INDUSTRY ANALYSIS (PORTERS 5 FORCES MODEL)

BARGAINING POWER OF SUPPLIERS

A variety of providers has limited influence due to the established industry. Nonetheless, since medications are made internally, vendors typically provide technology. The effects of supplier choice are somewhat mitigated by suppliers' specialized knowledge, but not much.

BARGAINING POWER OF CUSTOMERS

medication companies can set pricing and supply during the 20 years following the discovery of a patent, but after that time, generic medication manufacturers can enter the market and take control, giving customers more influence.

THREAT OF NEW ENTRANTS

The industry already faces competition, high startup costs, more threat or least investment returns if a new treatment cant be developed, and the professional ability needed by make these new drugs mean that there is no threat from new competitors.

THREAT OF SUBSTITUTES

In health sector, the problem of products once copyrights expire and holistic and traditional medicines—which are especially common in eastern cultures—pose a medium to high risk of alternatives.

INDUSTRY COMPETITIVENESS

The pharmaceutical sector is extremely competitive overall for the above mentioned reasons as well as the possibility of extremely substantial profits in the event that new medications are developed. The market is crowded, with many of the companies operating in it having been around for a long time and earning a solid reputation throughout the world.

COMPANY ANALYSIS

MARKET CAPITALIZATION OF CIPLA

Cipla share has a market capitalization of 94,233.27 as of today. The share is trading at 1,215.90 and has moved by 15.46% in the last year, 64.46% in the last 3 years, and 82.25% in the last 5 years.

CURRENT P/E RATIO

Cipla has a P/E ratio of 34.41 as of today. You can check the latest P/E ratio of Cipla and all other listed stocks on Dhan. [Open a demat account now!](#)

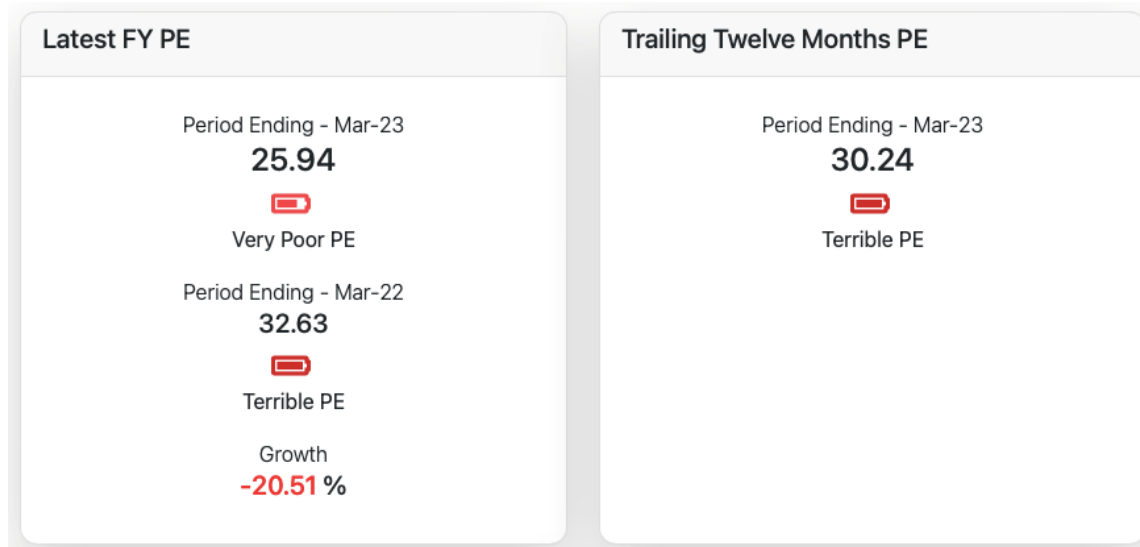
SHARHOLDERS

The ownership stake of Cipla is split as follows:

- DIIs: 24.29%
- FIIs: 26.52%
- Promoters: 33.4%
- Non-Promoters: 0.5%

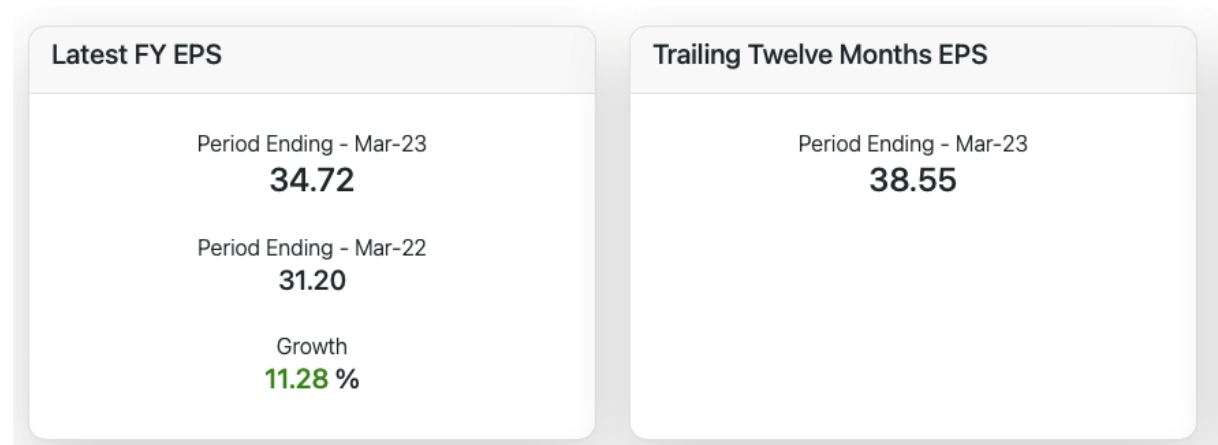
A summary of the company's market capitalization, book value, P/E ratio, dividend yield, and other key metrics is provided by Cipla Fundamental Analysis. Analyzing the company's basic situation, present shareholding trend, and historical shareholding movement is helpful. Cipla's market capitalization is at Rs. 94,233.27. Each share has a face value of Rs. 2.00 and a book value of Rs. 305.24. Cipla's current P/E ratio is 34.41. Promoters own 33.4% of the company, followed by domestic institutions with 24.29% and foreign institutions with 26.52%. As vital as it is to comprehend and analyze a company's fundamentals, it is also critical to consider the share price, stock performance, financial statements, technical analysis, and comparison of similar stocks. It indicates whether the business is expanding, staying the same, or declining.

PRICE TO EARNING RATIO



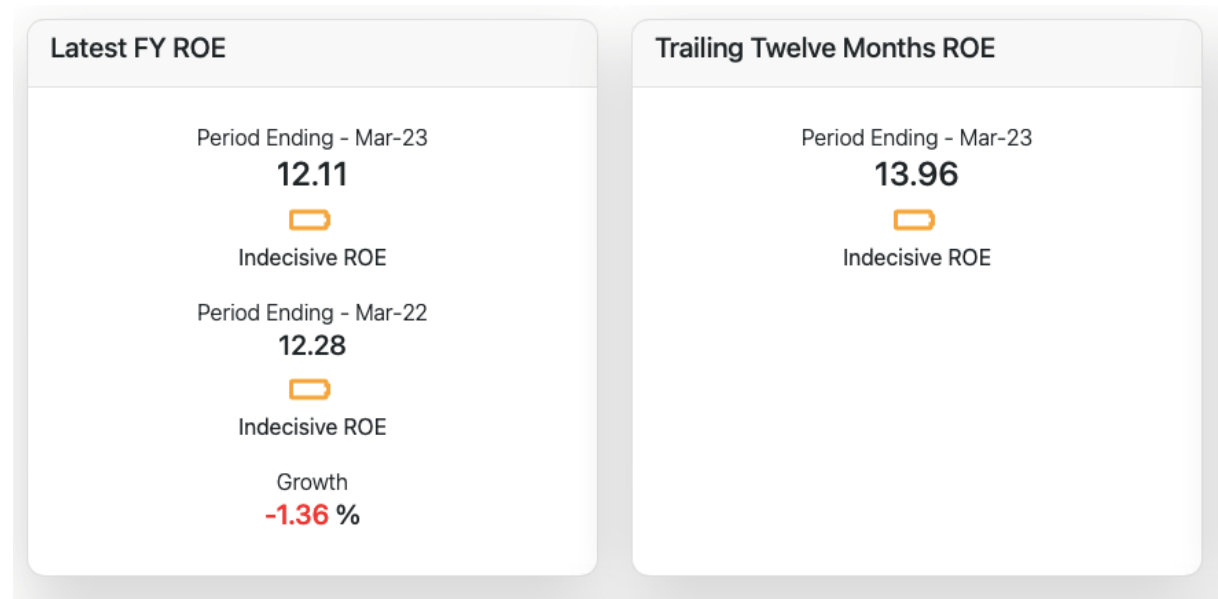
1. Cipla Ltd.'s P/E Ratio, which is calculated at 30.24, indicates that the share is more in comparison to the business earnings & may overpriced.
2. This year, the CIPLA PE Ratio sharply decreased by -20.51 percent.
3. The PE ratio peaked the highest point in the previous on March 22, with a number of 32.63.
4. Lowest PE Ratio in the past years was recorded on March 20th, with a number of 22.03.
5. Latest PE ratio, at 25.94, is low than the average PE for the 27.16.

EARNING PER SHARE



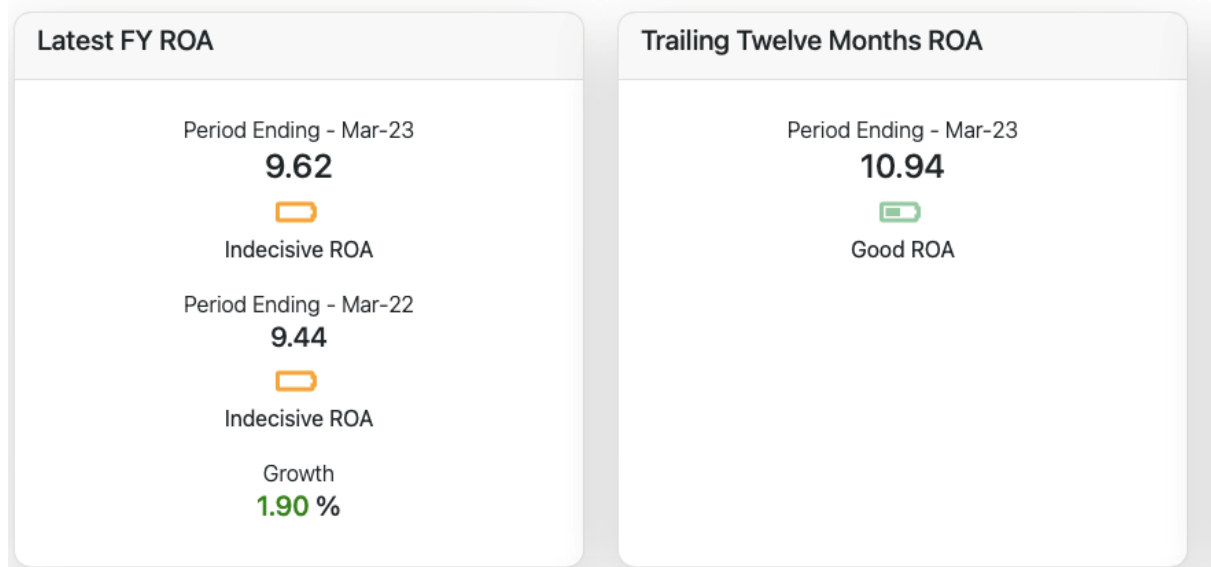
1. CIPLA's EPS Ratio increased by 11.28% from the preceding Financial Year.
2. CIPLA's EPS Ratio has been rising for at least three years.
3. In the previous five years, March 2019 had the lowest EPS Ratio with a value of 18.97.
4. Latest EPS was at 34.72, is higher than the average EPS which was 26.78.

RETURN ON EQUITY



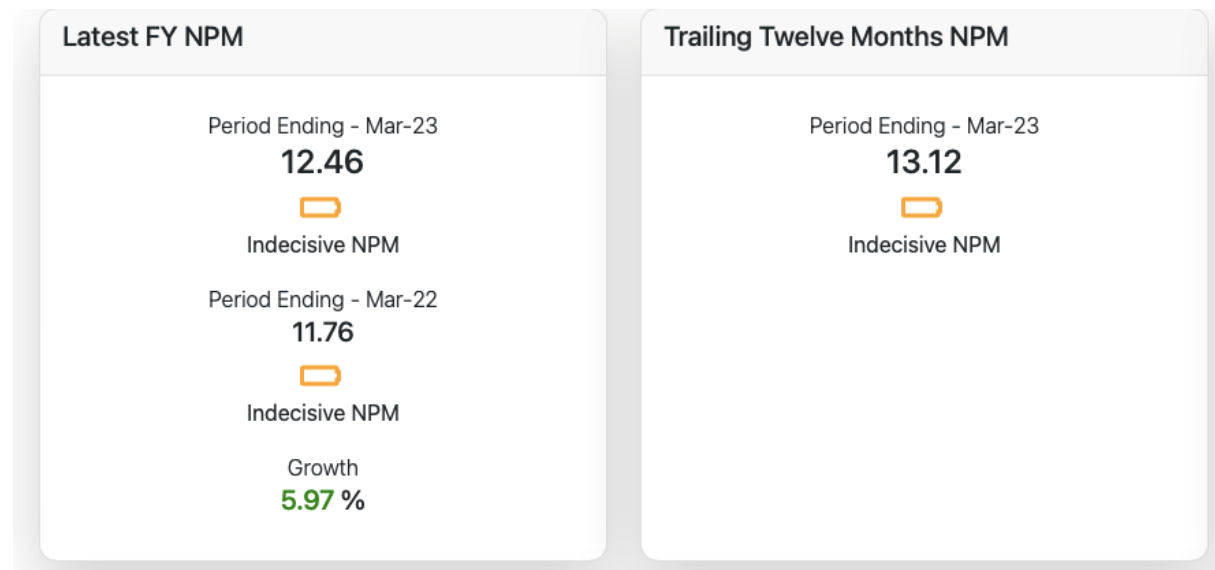
1. CIPLA's ROE Ratio decreased by -1.36% from the previous fiscal year.
2. In the previous five years, the ROE Ratio reached its greatest value on March 21st, at 13.10.
3. The ROE Ratio, which was 9.81, was the lower in the past years on March 20.
5. The latest ROE is 12.11, higher ROE for the past years, which was 11.47.

RETURN ON ASSET



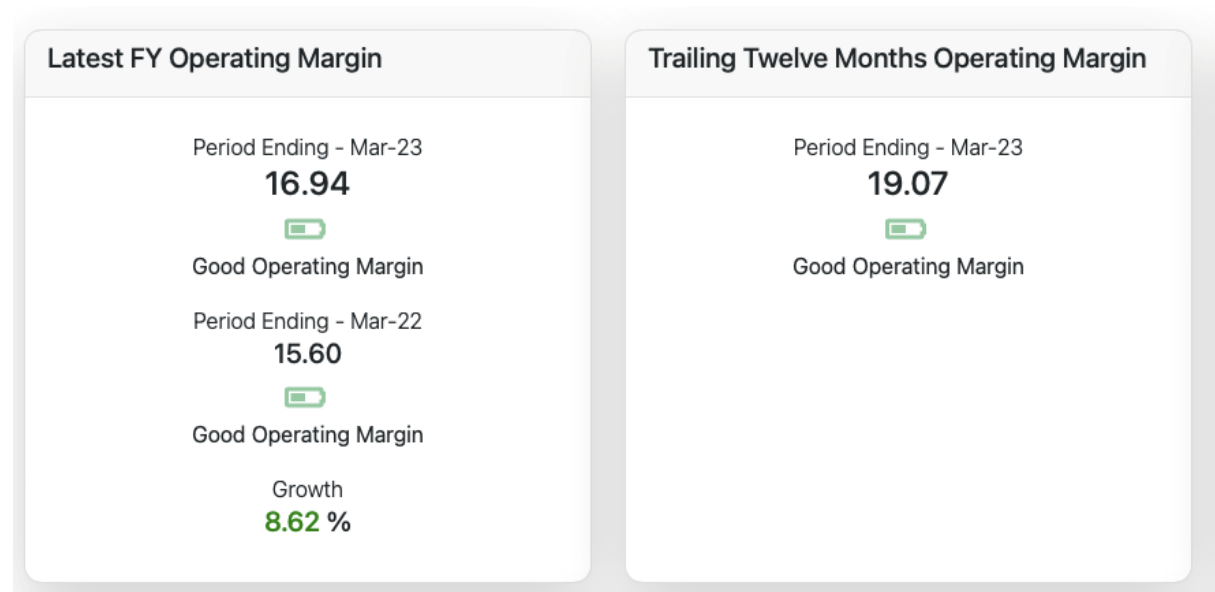
1. CIPLA's ROA Ratio increased by 1.90 percent from the previous fiscal year.
2. The highest ROA Ratio in the last five years was recorded on March 23 with a value of 9.62.
3. In the previous five years, the ROA Ratio had its lowest value in March 2019 (6.30).
4. Latest ROA is 9.62, is greater than the expected ROA for the past years, which was 8.29.

NET PROFIT MARGIN



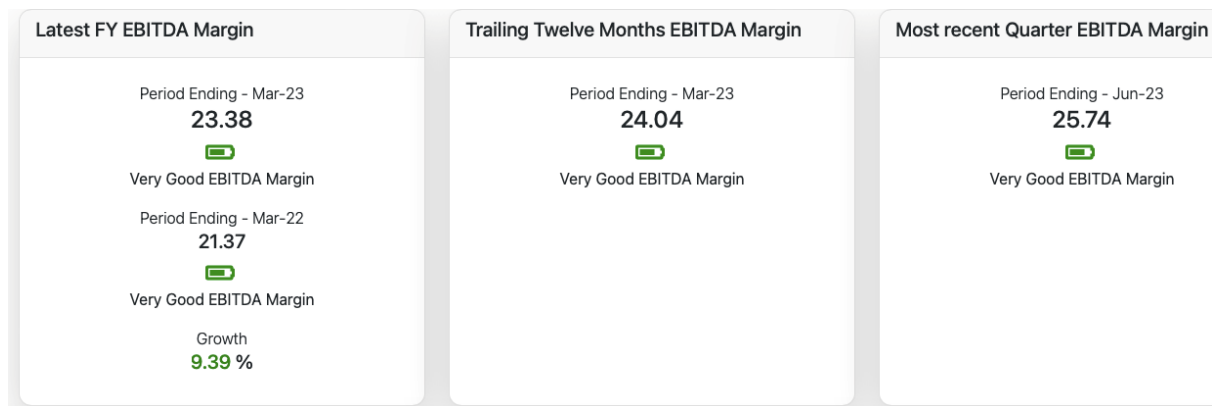
1. The CIPLA's NPM Ratio increased by 5.97% from the preceding Financial Year.
2. In the previous five years, the NPM Ratio reached its greatest value on March 21st, at 12.53.
3. The NPM Ratio, which was 9.03, was very low in the past years on March 20.

OPERATING MARGIN



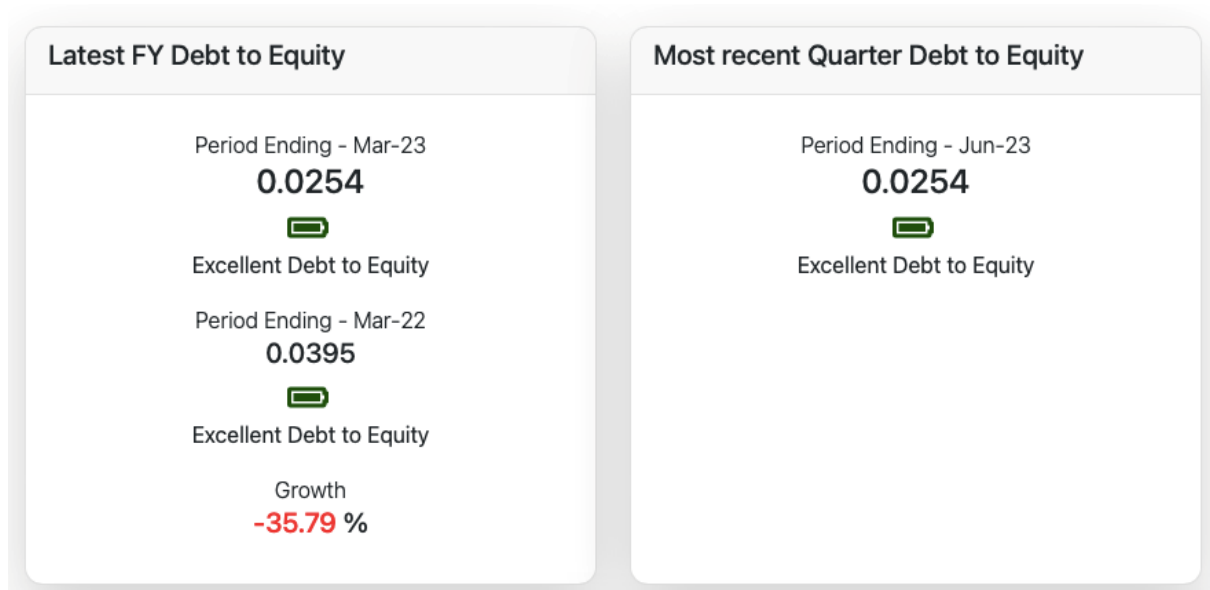
1. CIPLA's Operating Margin Ratio increased by 8.62% from the prior fiscal year.
 2. The Operating Margin touched the highest peak for the past 5 years on March 23. by 16.94.
 3. In the previous five years, the Operating Margin Ratio was lowest in March 2019 with a value of 9.79.
- The most recent operating margin ratio, at 16.94, is higher than the average operating margin over the previous five years, which was 13.76.

EBIDTA MARGIN



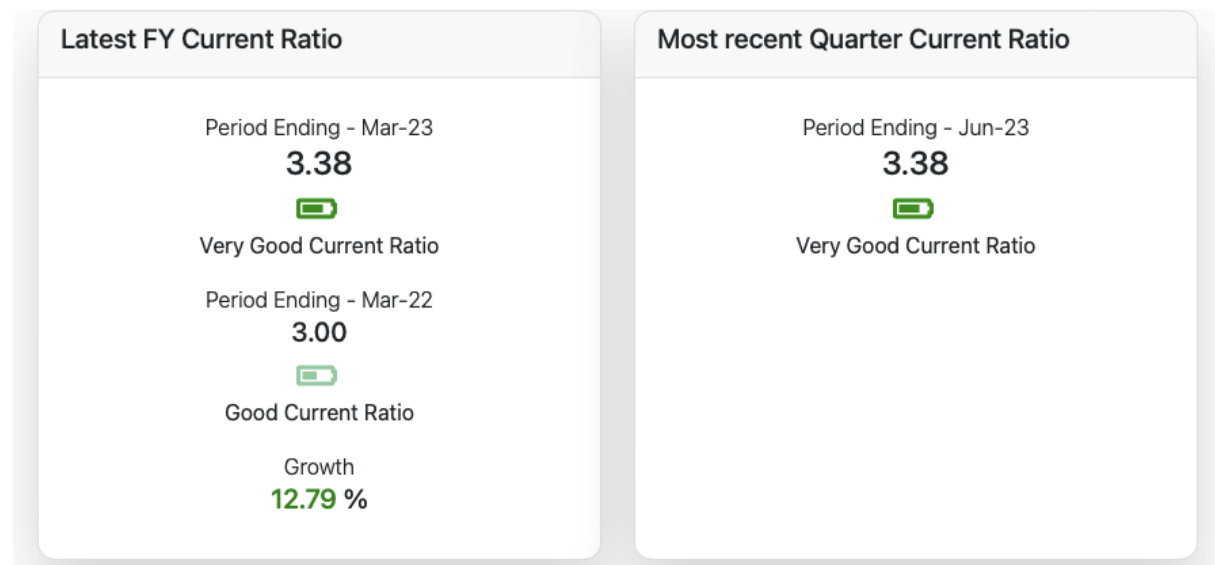
1. Cipla Ltd.'s EBITDA Margin Ratio of 24.04 indicates that its operating costs were lower than its total revenue for the previous 12 months.
2. Cipla Ltd.'s EBITDA Margin Ratio, which stands at 25.74, indicates that its operating costs are lower than its total revenue as of the most recent quarter ending September
3. CIPLA's EBITDA Margin Ratio increased by 9.39% from the preceding Financial Year.
4. Profit and Loss Analysis Mar. 21 of the previous five years had the largest margin ratio, with a value of 23.58.
5. Profit and Loss Analysis In the previous five years, the margin ratio was lowest on March 20th, with a value of 20.72.
5. Latest EBITDA margin was 23.38, which was greater than the average margin for the last 5 years which was 22.18.

DEBT TO EQUITY RATIO



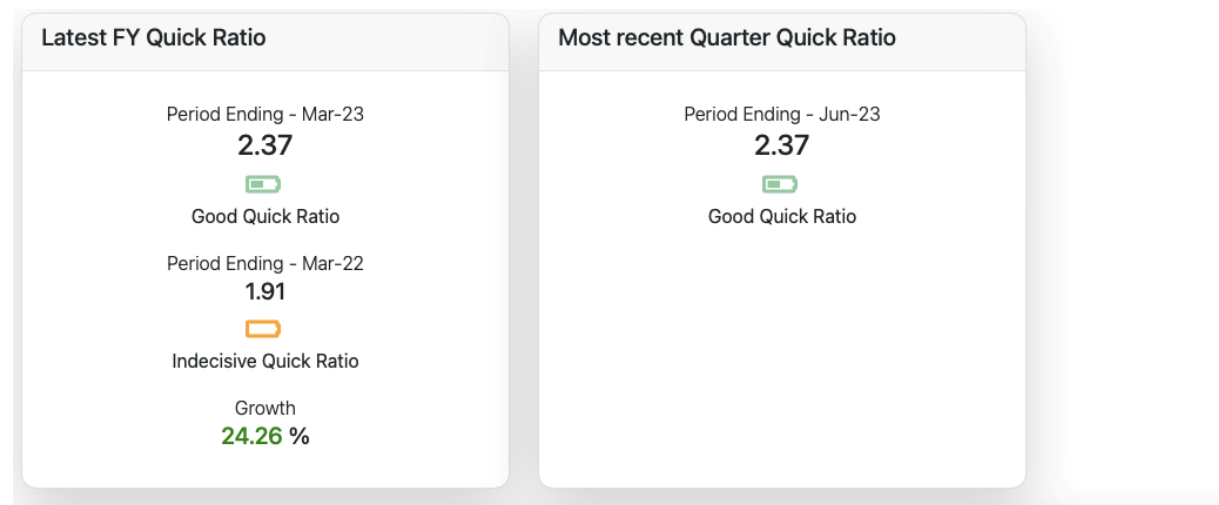
1. Debt to Equity Ratio 0.0254 of Cipla Ltd. indicates to run a business company uses lower amount of long-term debt.
2. Debt to Equity Ratio of CIPLA drastically fell by -35.79 % this year.
3. Debt to Equity Ratio with value of 0.288 was highest in Year Mar-19 in last Five Years.
4. Debt to Equity Ratio of CIPLA trending down for at least three Years.
5. Latest Debt to Equity Ratio with value of 0.0254 is lower than Average Debt to Equity of 0.126 in last five years.

CURRENT RATIO



1. Current Ratio of CIPLA has grown by 12.79 % Compared to previous Financial Year.
2. Current Ratio of CIPLA trending up for at least three Years.
3. Current Ratio with value of 2.66 was lowest in Year Mar-20 in last Five Years.
4. Latest Curren, Ratio with value of 3.38 is Greater than Average Current Ratio of 3.04 in last five years

QUICK RATIO



1. Quick Ratio of Cipla Ltd. with value of 2.37 indicates company has liquid assets to pay its obligations
2. Quick Ratio of Cipla Ltd. with value of 2.37 indicates company has liquid assets to pay its obligations in latest Quarter ending on Jun-23.
3. Quick Ratio of CIPLA rose handsomely by 24.26 % this year.
4. Quick Ratio of CIPLA trending up for at least three Years.
5. Quick Ratio with value of 1.67 was lowest in Year Mar-20 in last Five Years.
6. Latest Quick Ratio with value of 2.37 is Greater than Average Quick Ratio of 2.01 in last five years.

COMPETITORS OF CIPLA

SUNPHARMA

World's Fourth Largest Pharmaceutical Company is SUN PHARMA LTD. specialised in generic medicines and healthcare, with a total revenue of US\$6.4 B. With 43 manufacturing sites, they provide best quality cheaper medications to over 110 countries worldwide, trusted by healthcare doctors and individuals and consumers alike.



The company is specialised in technically complicated medications, giving a whole therapeutic basket, and owns 35 names out of the biggest pharmaceutical company's in India. The best brands provide around 20% of India revenues. The major therapeutic segments which contribute considerably among others. The company's success is fuelled by a diverse portfolio of brands and minimal product concentration. With over 12,500 salespeople accessing over 600,000 doctors, the company has one of the most extensive reach to India's medical fraternity for therapy-focused marketing.

GLAXOSMITH KLINE

GlaxoSmithKline Pharmaceuticals is a subpart of GSK which conducts research in the healthcare industry. The portfolio of the company has medications & vaccinations. Its drugs include antibiotic, Dermatopathology, Oncology, diabetes, cancer, cardiac arrest, and lung disorder. offers medications to prevent cervical cancer, rotavirus, chickenpox, diphtheria, pertussis, tetanus, invasive disease caused by H. influenzae, hepatitis A, hepatitis B, and other illnesses.



The company offers vaccinations against rotavirus, tetanus toxoid, influenzae, diphtheria, tetanus, pertussis, hepatitis A, hepatitis B, human papillomavirus vaccine, and other diseases. The company owns one production facility in full and one as a subsidiary. The company distributes its goods to distributors in a number of regions, including the Middle East, Asia, Europe, Latin America, Africa, Australia, Singapore, and Russia. Mumbai, Maharashtra, India serves as the home base for GSK India.

COMPARISON OF CIPLA AND ITS COMPETITORS

YEAR	CIPLA			SUN PHARMA			GLAXO SMITH KLINE		
	Mar-21	Mar-22	Mar-23	Mar-21	Mar-22	Mar-23	Mar-21	Mar-22	Mar-23
RATIOS									
PE RATIOS	29.4	32	27.5	49.38	67.07	27.84	68.13	16.62	36.73
EARNING PER SHARE	34.72	36.67	31.15	8.92	-0.4	7	31.32	99.05	35.9
RETURN ON EQUITY	12.38	13.13	10.2	8.5	-0.4	7.11	23.88	63.13	34.66
RETURN ON ASSET	10.74	11.62	9.1	5.48	-0.24	4.12	11.54	36.57	18.26
NET PROFIT MARGIN	17.75	22.59	15.91	16.71	-0.64	8.12	12.24	52.54	18.89
CURRENT RATIO	3.79	4.41	4.95	1.45	0.96	1.97	1.65	2.19	1.87

INTERPRETATION:

1. PRICE TO EARNING RATIO

CIPLA:

The ratio of PE shows that the shareholders want to pay 29.4 X the EPS for CIPLA in March 2021. This suggests optimism about CIPLA's future earnings growth. The decreasing trend in the PE ratio from 2021 to 2023 may indicate either a decrease in stock price or an increase in earnings.

SUN PHARMA:

The PE ratio for SUN PHARMA is very significant which concludes that the investors feel high earnings of the company. The significant increase in PE ratio from 2021 to 2022 and then a decrease in 2023 could reflect changes in market sentiment or earnings performance.

GLAXO SMITH KLINE:

The PE ratio for GLAXO SMITH KLINE suggest that shareholders want to pay 68.13 X the EPS in March 2021. Decrease in PE ratio in 2022 followed by an increase in 2023 could suggest changes in stock price or earnings expectations.

2. Earnings Per Share (EPS)

CIPLA:

The EPS for CIPLA has been relatively stable over the years, indicating consistent profitability and earnings generation.

SUN PHARMA:

The negative EPS in 2022 for SUN PHARMA is a concerning sign, suggesting that the company's earnings were not sufficient to cover its expenses during that period.

GLAXO SMITH KLINE:

The significant increase in EPS in 2022 for GLAXO SMITH KLINE indicates strong earnings growth and profitability.

3. RETURN ON EQUITY (ROE)

CIPLA:

The ROE for CIPLA has been relatively stable, showing that the organization has been doing well and producing profits for the investors.

SUN PHARMA:

The negative ROE in 2022 for SUN PHARMA shows that the organization didn't produce positive returns for investors during that period.

GLAXO SMITH KLINE:

The significant increase in ROE in 2022 for GLAXO SMITH KLINE suggests improved profitability and efficiency in using shareholders' equity.

4. RETURN ON ASSETS (ROA)

CIPLA:

The ROA for CIPLA has been relatively stable, suggesting that the company is in good shape and is generating higher profits.

SUN PHARMA:

The negative ROA in 2022 for SUN PHARMA suggests that the company did not generate positive returns from its assets during that period.

GLAXO SMITH KLINE:

The significant increase in ROA in 2022 for GLAXO SMITH KLINE indicates improved profitability and asset utilization.

5. NET PROFIT MARGIN

CIPLA:

The net profit margin for CIPLA has been relatively stable, indicating consistent profitability.

SUN PHARMA:

The negative net profit margin in 2022 for SUN PHARMA indicates that the company's expenses exceeded its revenue during that period.

GLAXO SMITH KLINE:

The significant increase in net profit margin in 2022 for GLAXO SMITH KLINE suggests improved profitability and efficiency in managing costs.

6. CURRENT RATIO

CIPLA:

The increasing current ratio for CIPLA indicates improving liquidity and the improving cashflows and all the working capital requirements.

SUN PHARMA:

If the current ratio is below 1 in 2022 for SUN PHARMA, it shows cashflow problem and a requirement to better the management of short-term liabilities.

GLAXO SMITH KLINE:

The relatively stable current ratio for GLAXO SMITH KLINE indicates a good position of the current assets and liabilities of the company, ensuring that it can meet its working capital obligations.

Overall, these numbers show the financial wellbeing and performance of CIPLA, SUN PHARMA, and GLAXO SMITH KLINE over the specified period.

CIPLA has demonstrated consistent financial performance, with consistent earnings of the share and the returns of the shareholders.

Company's stable net profit margin and increasing current ratio indicate a strong financial position and effective management of resources. However, CIPLA's price-to-earnings (PE) ratio has remained relatively stable, suggesting that investors have maintained a consistent valuation of the company.

Overall, CIPLA's performance indicates stability and resilience in the pharmaceutical sector. On the other hand, SUN PHARMA has shown signs of financial distress, with a negative EPS and ROE in 2022, indicating challenges in generating profits and effectively utilizing shareholders' equity.

The company's fluctuating PE ratio and negative return on assets (ROA) further highlight its struggles. Although SUN PHARMA's net profit margin improved in 2023, its current ratio below 1 in 2022 indicates potential liquidity issues.

Despite these challenges, SUN PHARMA's improving PE ratio and net profit margin in 2023 suggest some recovery and efforts to enhance profitability.

GLAXO SMITH KLINE has shown improvement in profitability and efficiency, with significant growth in EPS, ROE, and ROA in 2022. The company's improving net profit margin and relatively stable current ratio indicate effective cost management and a healthy balance between current assets and liabilities. GLAXO SMITH KLINE's fluctuating PE ratio suggests varying investor sentiment, possibly due to changes in earnings expectations or market conditions.

Overall, GLAXO SMITH KLINE's performance reflects a positive trend towards improved profitability and financial health.

FINDINGS

From the analysis of the financial ratios for CIPLA, SUN PHARMA, and GLAXO SMITH KLINE, several key findings emerge:

- **CIPLA:**
Demonstrates stability and resilience in the pharmaceutical sector, with consistent financial performance. Maintains a strong financial position, as indicated by stable net profit margin and increasing current ratio. Investors have maintained a consistent valuation of the company, reflected in the stable PE ratio.
- **SUN PHARMA:**
Faces financial challenges, with a negative EPS and ROE in 2022, indicating struggles in generating profits and utilizing shareholders' equity effectively. The fluctuating PE ratio and negative ROA highlight the company's financial distress. Shows some signs of recovery, with improvements in net profit margin and PE ratio in 2023.
- **GLAXO SMITH KLINE:**
Demonstrates improvement in profitability and efficiency, with significant growth in EPS, ROE, and ROA in 2022. Effective cost management and a healthy balance between current assets and liabilities are evident from the improving net profit margin and relatively stable current ratio. Fluctuations in the PE ratio suggest varying investor sentiment, possibly due to changes in earnings expectations or market conditions.

CONCLUSION

Based on the analysis of the financial ratios and performance of CIPLA, SUN PHARMA, and GLAXO SMITH KLINE, investors should consider the following factors before making investment decisions:

CIPLA:

Stable financial performance and consistent earnings indicate a reliable investment option. Strong financial position, as reflected in the stable net profit margin and increasing current ratio, suggest stability and resilience. The consistent valuation by investors, as indicated by the stable PE ratio, further supports CIPLA as a favourable investment choice.

SUN PHARMA:

Faces financial challenges, with negative EPS and ROE in 2022, indicating potential risks for investors. The fluctuating PE ratio and negative ROA suggest financial distress and uncertainty in earnings potential. While improvements in net profit margin and PE ratio in 2023 show signs of recovery, investors should approach with caution due to the company's volatile financial performance.

GLAXO SMITH KLINE:

Demonstrates improvement in profitability and efficiency, with significant growth in EPS, ROE, and ROA in 2022. Effective cost management and a healthy balance between current assets and liabilities indicate a positive trend in financial health. Despite fluctuations in the PE ratio, the overall improvement in financial performance makes GLAXO SMITH KLINE an attractive investment option.

In conclusion, investors seeking stability and reliability may consider investing in CIPLA, given its consistent financial performance and strong financial position. SUN PHARMA, while showing signs of recovery, presents higher risks due to its financial challenges. GLAXO SMITH KLINE, with its improving profitability and financial health, also presents a favourable investment opportunity for investors looking for potential growth.

RECOMMENDATIONS FOR INVESTORS

CIPLA appears to be the most suitable choice for investors looking for a stable and reliable investment option.

Summary of the reasons why

Stable Financial Performance: CIPLA has demonstrated consistent financial performance, with consistent ratios like ROA, EPS, net profit. This stability indicates a reliable track record of profitability.

Strong Financial Position: CIPLA has maintained a strong financial position, as indicated by the increasing current ratio, which reflects improving cashflows and all the working capital requirements.

Consistent Valuation: The stable price-to-earnings (PE) ratio suggests that investors have maintained a consistent valuation of CIPLA, indicating confidence in the company's future prospects.

Lower Risk: Compared to SUN PHARMA and GLAXO SMITH KLINE, CIPLA appears to have lower risk due to its stable financial performance and strong financial position.

Investment Goals: For investors seeking stability and reliable returns, CIPLA's consistent performance and strong financial position make it an attractive investment option.

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