

A STUDY ON FINANCIAL PERFORMANCE OF CIPLA LTD

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ABSTRACT

The study examines the financial performance of CIPLA LTD over a period of five years from 2017 to 2022. The research analyzed the bank's financial statements and performance indicators such as profitability ratios, liquidity ratios. The study found that Federal Bank has been consistently profitable and has maintained a healthy asset quality and liquidity position over the years. However, the bank's capital adequacy ratio has been declining over the years, which may indicate a need for capital infusion to support future growth.

INTRODUCTION

A financial statement is a collection of data that is organized according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. There are many ways to measure financial performance. One of such ways is analysis. Often, a Balance sheet alone does not aid investors in forecasting, decision making etc. But the relationship among the figures does play a pivotal role. So, that's when Ratio analysis comes into play. A financial ratio or accounting ratio is a relative magnitude of two selected numerical values taken from an enterprise's financial statements. Ratios generally express the strengths and weaknesses of an entity. This greatly assists investors in making an informed decision. In addition, organizations can easily materialize opportunities and get control of threats.

STATEMENT OF THE PROBLEM

The paramedical industries are one of the essential industries of the country but the Researches conducted on these industries are very less. This study analyses the financial Performance of Cipla Ltd.

OBJECTIVES OF THE STUDY

- To study the financial performance of Cipla Limited in general by conducting ratio analysis of the last 5 years.
- To identify the liquidity position and solvency position of Cipla limited.

RESEARCH METHODOLOGY

Source of data	Secondary data
Period of study	2017-2022
Tools used	Ratio analysis

REVIEW OF LITERATURE

Archana J. Bhoot 2012¹, The aim of this research was to evaluate the financial position of two pharmaceutical companies, Cadila Pharmaceuticals Ltd and Cipla Pharmaceuticals Ltd, through Ratio Analysis and T-test. Profit was considered the main element of business, and the study focused on analyzing the financials of the two companies to understand their financial position. The findings helped determine the overall financial health of these companies.

Dr. K. Kumutha Devi and Ms. C. V. Uma Maheswari. (2015) ,the study measured the financial performance of the top pharmaceutical companies Cipla Ltd and Aurobindo Pharma Ltd in India from 2009-2010 to 2013-2014 by using short-term solvency ratio, long-term solvency ratio, and profitability ratio. The results showed that Cipla Ltd had higher profitability and a higher level of consistency compared to Aurobindo Pharma Ltd

ANALYSIS AND INTERPRETATION

Year	Current Ratio	Quick ratio	Cash position ratio	Asset turnover ratio	Net profit ratio	Return on assets ratio
2022	2.99	1.90	0.14	0.47	11.61	9.37
2021	2.87	1.86	0.17	0.54	12.36	9.67
2020	2.66	1.66	0.17	0.51	8.85	6.50
2019	3.29	2.24	0.13	0.49	8.96	6.42
2018	2.82	1.76	0.22	0.47	9.15	6.22

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

- Current ratio: It was highest in the year 2018-19 (3.295) and lowest in the year 2019-20 (2.664). However, it has been consistently above 2, which indicates that The company has enough current assets to meet its short-term liabilities
- Cash position ratio : The company's ratio was highest in 0.22 in the year 2017- 18 And lowest in 0.13 in the year 2018-19.
- Gross profit ratio: It was highest in the year 2021-22 (76.91%) and lowest in the Year 2017-18 (73.21%). However, the overall trend seems to be increasing, which Indicates that the company is becoming more efficient in managing its cost of Goods sold.
- Net profit margin: The net profit margin of the company has fluctuated over the Past five years. It was highest in the year 2020-21 (12.36%) and lowest in the Year2019-20 (8.85%)

SUGGESTIONS

- The company should strive to maintain a consistent current ratio over the years. Although the current ratio has been increasing in recent years, it has been Fluctuating too much, which could be a cause of concern for investors.
- The quick ratio of the company has been fluctuating too much as well, and the Company should focus on improving it. A higher quick ratio indicates that the

Company can meet its short-term obligations more easily.

➤ The asset turnover ratio of the company has been fluctuating as well. The Company should aim to increase this ratio, which indicates how efficiently the Company is using its assets to generate revenue.

CONCLUSION

It can be inferred that the company has experienced fluctuations in its Current ratio, quick ratio, asset turnover ratio, gross profit ratio, and net profit Margin over the years. It is possible that the company has faced both challenges And opportunities in the market, and it may be useful to analyze the underlying Factors that have contributed to these changes in performance. Overall, the Company's financial ratios suggest that it is performing well and is efficiently Utilizing its resources.

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