(ISSN: 0973-7049(P))

The Bioscan AN INTERNATIONAL QUARTERLY JOURNAL OF LIFE SCIENCES 21(3): S.I (3),2064-2072, 2026 www.thebioscan.com

A COMPARATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE OF SELECTED PHARMACEUTICAL COMPANIES IN INDIA

[1]Dr.Sharmila Begum. A, [2]Dr. U. Jothimani

1. Assistant Professor, PG & Research Centre for Commerce, Thiruvalluvar College, Papanasam, Tirunelveli -627425, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli-627012, Tamil Nadu, India.

Email: shreekhan@gmail.com

2. Assistant Professor, PG & Research Centre for Commerce, Thiruvalluvar College, Papanasam, Tirunelveli -627425, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli-627012, Tamil Nadu, India.

Email: jothimani.u@gmail.com

DOI: https://doi.org/10.63001/tbs.2026.v21.i03.S.I(3).pp2064-2072

KEYWORDS
Financial Performance, Pharmaceutical Industry, Profitability, Financial Ratios, Indian Pharmaceutical Companies.

Article Info

Received: 23.07.2026

Accepted:19.08.2026

Published: 07.09.2026

Abstract

The pharmaceutical industry plays an important role in the economic development of India by contributing to industrial growth, employment generation, healthcare accessibility, and international trade. Financial performance is an important indicator of the stability, profitability, and growth potential of pharmaceutical companies. The present study examines the financial performance of selected pharmaceutical companies in India using secondary data for the period 2020–21 to 2024–25. The study considers major financial indicators such as revenue, operating profit, net profit, profitability margins, assets, borrowings, and financial efficiency. Published financial information from industry benchmarking reports and company annual reports is used for the analysis. The findings indicate that the combined revenue of the selected industry sample increased during the study period, although profitability experienced fluctuations. Operating profit and net profit showed recovery towards FY 2024–25. Company-level comparisons also reveal differences in sales growth and operating performance among major pharmaceutical companies. The study highlights the importance of cost management, operational efficiency, financial stability, and continuous investment in research and development. It concludes that sustainable financial performance in the pharmaceutical industry depends on effective financial management, product innovation, and the ability to respond to domestic and international market conditions.

1. Introduction

The pharmaceutical industry is one of the important sectors of the Indian economy. It contributes to healthcare development, industrial production, employment generation, exports, and technological progress. India has established a strong position in the global pharmaceutical market, particularly in the production of generic medicines, active pharmaceutical ingredients, and affordable healthcare products.

The growth of the pharmaceutical industry is

supported by domestic healthcare demand, international trade, manufacturing capabilities, research and development, and the expansion of healthcare infrastructure. Indian pharmaceutical companies supply medicines to several countries and participate in highly competitive domestic and international markets.

Financial performance is essential for evaluating the growth and stability of pharmaceutical companies. It indicates how effectively a company generates revenue, controls expenditure, manages assets, and earns profits. A company may achieve high sales but may not generate sufficient profit if its production costs, operating expenses, or financial obligations are high.

The financial performance of pharmaceutical companies is influenced by several factors, including raw material prices, manufacturing expenses, research and development expenditure, regulatory compliance, competition, product demand, and export opportunities. Companies must maintain an appropriate balance between investment in innovation and the management of operational costs.

Major Indian pharmaceutical companies such as Sun Pharmaceutical Industries, Cipla, Dr. Reddy's Laboratories, Lupin, and Aurobindo Pharma have developed significant domestic and international operations. Their financial performance provides useful insights into the growth and competitiveness of the Indian pharmaceutical industry.

In this context, the present study examines the financial performance of selected pharmaceutical companies in India using published secondary data for five financial years, from 2020–21 to 2024–25.

2. Statement of the Problem

The pharmaceutical industry operates in a competitive business environment where companies must continuously manage production costs, research expenditure, regulatory requirements, and changing market conditions. Although the industry has experienced considerable growth, individual companies may differ in their financial performance and profitability.

Some companies may achieve higher revenue growth, while others may demonstrate better operating margins or financial efficiency. Increased sales do not always result in higher profitability because companies may face rising production costs, research expenditure, marketing expenses, and regulatory compliance costs.

Therefore, it is important to examine the financial performance of pharmaceutical companies using appropriate financial indicators. The present study attempts to analyse revenue growth, profitability, operating performance, and financial efficiency among selected pharmaceutical companies in India.

3. Objectives of the Study

1. To examine the financial performance of selected pharmaceutical companies in India.
2. To analyse the revenue and profit trends of the Indian pharmaceutical sector.
3. To compare the sales growth of selected pharmaceutical companies.
4. To examine changes in operating profit and net profit during the study period.
5. To understand the financial efficiency and stability of pharmaceutical companies.
6. To suggest measures for improving the financial performance of pharmaceutical companies.

4. Research Methodology

4.1 Research Design

The study adopts a descriptive and analytical research design. It examines published financial information to understand the financial performance and growth trends of selected pharmaceutical companies in India.

4.2 Study Period

The study covers five financial years:

- FY 2020–21
- FY 2021–22

- FY 2022–23
- FY 2023–24
- FY 2024–25

4.3 Sources of Data

The study is based entirely on secondary data collected from the following sources:

1. Published company annual reports.
2. Financial statements of pharmaceutical companies.
3. Industry benchmarking reports.
4. National Stock Exchange publications.
5. Bombay Stock Exchange disclosures.
6. Published research articles and financial journals.

4.4 Selection of Companies

The study focuses on major Indian pharmaceutical companies, including:

1. Sun Pharmaceutical Industries Limited.
2. Cipla Limited.
3. Dr. Reddy's Laboratories Limited.
4. Aurobindo Pharma Limited.
5. Lupin Limited.
6. Divi's Laboratories Limited.

The company-level comparison is based on the availability of published financial indicators. The broader five-year industry trend uses a published dataset covering 30 pharmaceutical companies, including listed and unlisted firms.

4.5 Tools of Analysis

The following analytical techniques are used:

- Percentage analysis.
- Comparative financial analysis.
- Trend analysis.
- Profitability ratio analysis.
- Compound annual growth rate (CAGR).
- Descriptive interpretation.

4.6 Limitations of the Study

1. The study is based on secondary data obtained from published sources.
2. Differences in accounting policies and reporting practices may affect company comparisons.
3. The study period is limited to five financial years.
4. The broader industry dataset includes both listed and unlisted pharmaceutical companies.
5. The results should be interpreted in relation to the selected financial indicators and available data.

5. Review of Literature

Sultana (2017) examined the impact of financial ratios on the profitability of selected pharmaceutical companies in India. The study considered liquidity, leverage, and managerial efficiency ratios and reported positive relationships between selected financial ratios and profitability indicators. The findings highlighted the importance of financial management in improving company performance.

Saravanan and Suganya (2016) investigated the relationship between liquidity and profitability in selected Indian pharmaceutical companies. Their study examined financial ratios such as current ratio, quick ratio, inventory turnover, debtors turnover, and total asset turnover. The research highlighted the importance of maintaining an appropriate balance between liquidity and profitability.

Yameen, Farhan, and Tabash (2019) examined the impact of liquidity on the performance of Indian pharmaceutical companies using data from 82 firms over a ten-year period. Their findings indicated that current and quick liquidity ratios had positive and significant effects on return on assets.

Barber and Odean (2001) examined the relationship between investor behaviour and investment performance. Although their study focused on individual investors rather than

pharmaceutical companies, it provides useful background on the importance of financial decision-making in capital markets.

The previous studies demonstrate the importance of profitability, liquidity, financial efficiency, and capital management. The present study focuses on more recent financial trends and published industry-level data covering FY 2020–21 to FY 2024–25.

6. Financial Performance Analysis

6.1 Overall Revenue Performance of the Pharmaceutical Industry

Revenue is one of the important indicators of business performance. It represents the income generated through the sale of products and services. Growth in revenue may indicate increasing demand, expansion of operations, and improvement in market reach.

Table 1. Revenue Performance of the Indian Pharmaceutical Company Sample (FY 2021–FY 2025)

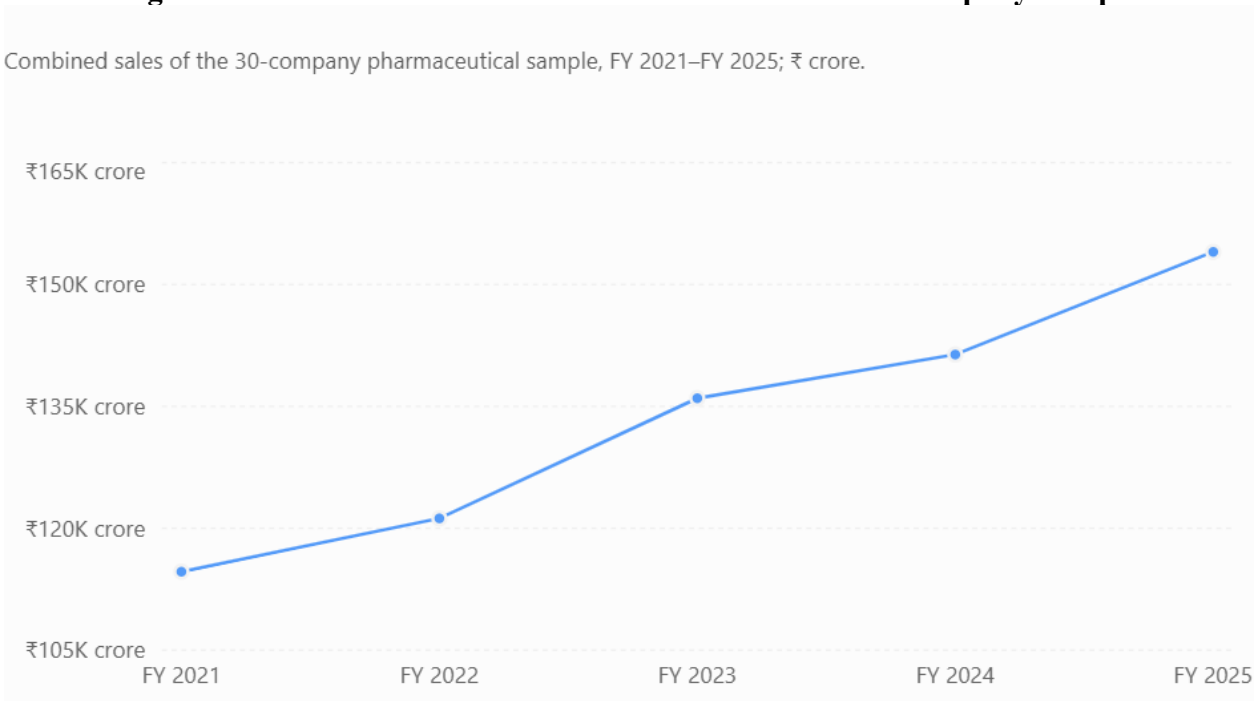
Financial Year	Sales (₹ crore)	Annual Growth (%)
2020–21	1,14,649.0	—
2021–22	1,21,214.5	5.72
2022–23	1,35,997.1	12.20
2023–24	1,41,374.4	3.95
2024–25	1,54,008.7	8.94

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2021–FY 2025. Figures represent the combined revenue of the 30-company sample.

Interpretation:

Table 1 indicates an overall increase in pharmaceutical industry sales during the study period. The combined sales increased from ₹1,14,649 crore in FY 2020–21 to ₹1,54,008.7 crore in FY 2024–25. The highest annual growth within the reported period occurred in FY 2022–23, at approximately 12.20%. Growth moderated in FY 2023–24 and improved again in FY 2024–25. The trend indicates expansion in the combined business operations of the companies included in the industry sample.

Figure 1. Revenue Growth of the Indian Pharmaceutical Company Sample



6.2 Operating Profit and Net Profit Analysis

Operating profit represents the earnings generated from regular business operations before interest and taxes. Net profit represents

the profit remaining after expenses, interest, and taxes. These indicators help evaluate the profitability of pharmaceutical companies.

Table 2. Operating Profit and Net Profit of the Pharmaceutical Industry Sample

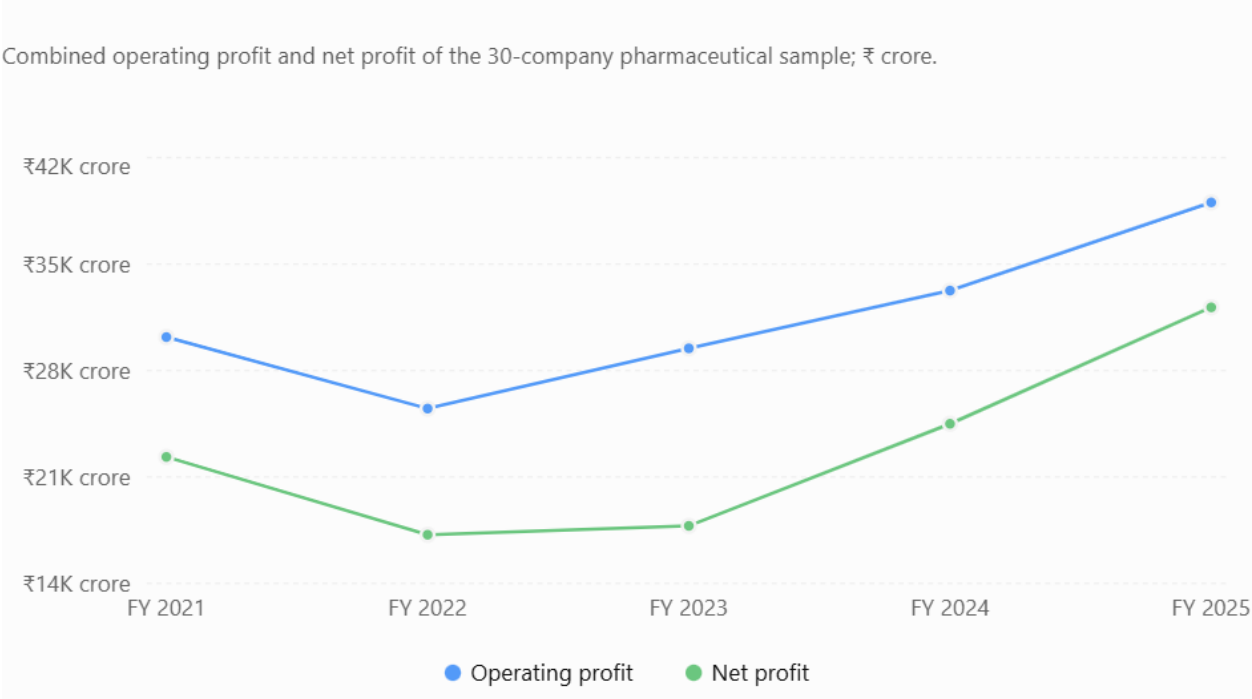
Financial Year	Operating Profit (₹ crore)	Net Profit (₹ crore)
2020–21	30,196.9	22,314.9
2021–22	25,495.1	17,196.2
2022–23	29,457.1	17,782.6
2023–24	33,255.0	24,495.0
2024–25	39,054.8	32,153.5

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2021–FY 2025.

Interpretation:

The data show that operating profit declined in FY 2021–22 compared with the previous year. It subsequently increased from FY 2022–23 onwards and reached ₹39,054.8 crore in FY 2024–25. Net profit also declined in FY 2021–22 but improved in the following years. The highest net profit in the reported period was recorded in FY 2024–25 at ₹32,153.5 crore. This recovery indicates an improvement in the overall profitability of the industry sample during the later years of the study period.

Figure 2. Operating Profit and Net Profit Trends



6.3 Profitability Margin Analysis

Profitability margins indicate the proportion of revenue converted into operating profit and net profit. They help evaluate the relationship between revenue generation and cost management.

Table 3. Operating Margin and Net Profit Margin

Financial Year	Operating Margin (%)	Net Profit Margin (%)
2020–21	26.34	19.46
2021–22	21.03	14.19
2022–23	21.66	13.08
2023–24	23.52	17.33
2024–25	25.36	20.88

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2021–FY 2025.

Interpretation:
Table 3 shows that the operating margin declined from 26.34% in FY 2020–21 to 21.03% in FY 2021–22. It gradually improved and reached 25.36% in FY 2024–25. The net profit margin also declined during the initial years and recovered to 20.88% in FY 2024–25. These changes suggest that profitability was affected by cost and operating conditions during the study period, followed by an improvement in the later years.

6.4 Comparative Sales Growth of Selected Pharmaceutical Companies

The financial performance of individual companies may differ according to their business size, product portfolio, geographical presence, and operational efficiency. Sales growth is an important indicator for comparing the expansion of different pharmaceutical companies.

Table 4. Sales Growth of Selected Pharmaceutical Companies (FY 2022–FY 2025)

Company	Sales FY 2021–22 (₹ crore)	Sales FY 2024–25 (₹ crore)	Three-Year CAGR (%)
Dr. Reddy's Laboratories	14,405.2	23,115.4	17.07
Sun Pharmaceutical Industries	15,586.0	23,003.3	13.85
Cipla Limited	13,091.8	19,044.8	13.31
Aurobindo Pharma	11,287.1	10,933.3	-1.06
Lupin Limited	Not reported in the extracted comparison	Not reported in the extracted comparison	Not reported
Divi's Laboratories	Not reported in the extracted comparison	Not reported in the extracted comparison	Not reported

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2021–FY 2025. Sales figures and CAGR are reproduced from the published company comparison.

Interpretation:
The comparative data indicate that Dr. Reddy's Laboratories recorded the highest three-year sales CAGR among the four companies for which comparable figures are reported, at 17.07%. Sun Pharmaceutical Industries and Cipla Limited also recorded positive sales growth, with CAGRs of 13.85% and 13.31%, respectively. Aurobindo Pharma recorded a negative CAGR of 1.06% in the published comparison. These differences demonstrate that companies within the same industry may experience different growth patterns.

6.5 EBITDA Performance of Selected Pharmaceutical Companies

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) is commonly used to examine operating earnings before financing and non-cash depreciation and amortisation expenses. It provides an additional perspective on operating performance.

Table 5. Three-Year EBITDA Growth of Selected Pharmaceutical Companies

Company	EBITDA FY 2021–22 (₹ crore)	EBITDA FY 2024–25 (₹ crore)	Three-Year CAGR (%)
Dr. Reddy's Laboratories	2,594.1	7,381.8	41.71
Sun Pharmaceutical Industries	2,907.5	6,792.6	32.69

Aurobindo Pharma	1,473.4	2,557.6	20.18
Cipla Limited	3,366.5	5,778.4	19.73

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2021–FY 2025.

Interpretation:

Table 5 indicates that Dr. Reddy's Laboratories recorded the highest three-year EBITDA CAGR among the selected companies, at 41.71%. Sun Pharmaceutical Industries recorded a CAGR of 32.69%, followed by Aurobindo Pharma and Cipla. The figures indicate differences in the growth of operating earnings among the selected firms. EBITDA growth should not be interpreted as an equivalent increase in net profit because it excludes interest, tax, depreciation, and amortisation.

6.6 Financial Efficiency and Stability

Financial efficiency is an important component of corporate performance. It indicates how effectively a company uses its assets, manages its resources, and maintains financial stability. Liquidity, solvency, and asset utilisation are important indicators for evaluating financial efficiency.

The published FY 2024–25 benchmarking report provides the following sector-level financial ratios.

Table 6. Financial Ratio Benchmarks of the Indian Pharmaceutical Industry – FY 2024–25

Financial Ratio	Industry Mean	Industry Median
Current Ratio	3.34	2.95
Quick Ratio	2.56	2.00
Total Debt to Equity	0.02	0.00
Gross Profit Margin (%)	64.09	67.60
Operating Profit Margin (%)	21.29	23.10
Net Profit Margin (%)	16.42	17.65
Return on Equity (%)	18.23	16.15
Return on Assets (%)	13.45	12.75
Total Asset Turnover	0.82	0.70

Source: Tofler, India Pharma Industry Benchmarking Report, FY 2024–25. Ratios are the reported mean and median across the 30-company sample.

Interpretation:

The industry mean current ratio of 3.34 indicates that the sample had a substantial level of current assets relative to current liabilities. The mean quick ratio was 2.56, suggesting that the sample also maintained a considerable level of liquid resources. The mean debt-to-equity ratio was relatively low at 0.02, although individual companies may have different capital structures. The average return on equity was 18.23%, while the average return on assets was 13.45%. These indicators suggest that the industry sample generated positive returns from shareholders' funds and total assets. However, the mean and median values are different, indicating variation among the companies. Therefore, sector averages should not be interpreted as the performance of every individual firm.

7. Major Findings of the Study

The major findings based on the published secondary data are as follows:

1. The combined sales of the 30-company pharmaceutical sample increased from ₹1,14,649 crore in FY 2020–21 to ₹1,54,008.7 crore in FY 2024–25.
2. The highest annual sales growth in the reported period occurred in FY 2022–23, at approximately 12.20%.
3. Operating profit declined in FY 2021–22 but increased in subsequent years.

4. Net profit reached ₹32,153.5 crore in FY 2024–25, representing the highest value in the reported five-year period.
5. The operating margin recovered to 25.36% in FY 2024–25 after declining during the initial years.
6. The net profit margin increased to 20.88% in FY 2024–25.
7. Dr. Reddy's Laboratories recorded the highest three-year sales CAGR among the four firms with comparable figures in the selected comparison.
8. Dr. Reddy's Laboratories also recorded the highest EBITDA CAGR among the four companies compared in Table 5.
9. The FY 2024–25 industry benchmarking data show a mean current ratio of 3.34 and mean return on equity of 18.23%.
10. Financial performance differed across companies, indicating that revenue growth, profitability, and financial efficiency should be evaluated separately.

8. Suggestions

Based on the financial analysis, the following suggestions are offered:

1. Pharmaceutical companies should strengthen cost-control measures to improve operating profitability.
2. Companies should increase investment in research and development to support product innovation and long-term competitiveness.
3. Effective management of raw materials and production costs should be encouraged.
4. Companies should maintain an appropriate balance between liquidity and profitability.
5. Pharmaceutical firms should improve operational efficiency through modern manufacturing technologies and quality management systems.
6. Companies should monitor borrowings and maintain suitable capital structures to reduce financial risk.
7. Export-oriented companies should develop strategies to manage foreign exchange and international market risks.
8. Financial reporting and transparency should be strengthened to support informed decisions by investors and stakeholders.

9. Conclusion

The pharmaceutical industry is an important contributor to India's economic and healthcare development. The financial performance of pharmaceutical companies reflects their ability to generate revenue, manage expenditure, maintain profitability, and utilise financial resources effectively.

The present study examined the financial performance of selected Indian pharmaceutical companies using published secondary data for the period 2020–21 to 2024–25. The findings indicate that the combined revenue of the industry sample increased during the study period. Operating profit and net profit also showed improvement towards FY 2024–25 after experiencing fluctuations in earlier years.

The comparative company analysis demonstrates that sales and EBITDA growth differ across pharmaceutical companies. Dr. Reddy's Laboratories recorded strong growth in the selected comparison, while Sun Pharmaceutical Industries and Cipla also demonstrated positive sales and operating earnings growth. The findings highlight the importance of cost management, operational efficiency, financial stability, and continuous innovation.

In conclusion, sustainable financial performance in the Indian pharmaceutical industry depends on the effective management of financial resources, investment in research and

development, operational improvement, and the ability to respond to changing market conditions. Pharmaceutical companies that maintain a balance between profitability, innovation, and financial stability are better positioned to achieve long-term growth.

References

1. Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics, 116*(1), 261–292. https://doi.org/10.1162/003355301556400
2. National Stock Exchange of India Limited. (n.d.). *Corporate announcements and financial results*. https://www.nseindia.com/
3. Securities and Exchange Board of India. (n.d.). *Annual reports and corporate disclosure framework*. https://www.sebi.gov.in/
4. Sultana, S. T. (2017). Impact of financial ratios on profitability: An analysis of select pharmaceutical companies in India. *International Journal of Management and Development Studies, 6*(11), 11–22. https://doi.org/10.53983/ijmds.v6i11.335
5. Saravanan, S., & Suganya, S. (2016). An investigation of liquidity and profitability trade off in selected pharmaceutical companies in India. *SAJMMR, 6*(3–4), 53–60.
6. Tofler. (2025). *India pharma industry benchmarking report: Financial performance of 30 pharmaceutical companies, FY 2021–FY 2025*. Tofler. https://www.tofler.in/industry-reports/pharma
7. Yameen, M., Farhan, N. H. S., & Tabash, M. I. (2019). The impact of liquidity on firms' performance: Empirical investigation from Indian pharmaceutical companies. *Academic Journal of Interdisciplinary Studies, 8*(3), 212. https://doi.org/10.36941/ajis-2019-0019
8. Sun Pharmaceutical Industries Limited. (2025). *Annual report 2024–25*. https://sunpharma.com/investors-annual-reports-presentations/
9. Cipla Limited. (2025). *Annual report 2024–25*. https://www.cipla.com/investors/annual-reports
10. Dr. Reddy's Laboratories Limited. (2025). *Annual report 2024–25*. https://www.drreddys.com/investors/annual-reports