PROJECT REPORT ON

ANALYSIS OF AUTOMOBILE AND PHARMACEUTICAL INDUSTRY

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INTRODUCTION

Industrial sector performance is critical to achieving the ambitious goal of making India a five-trillion economy. The sector plays a decisive role in determining the overall growth of national output and employment through its backward and forward linkages with the other two sectors of the economy. It contributes close to 30 per cent of total gross value added (GVA). Industrial sector performance in terms of its contribution in GVA improved in 2018-19 over 2017-18 which was 6.1% to 6.9%. However, as per the estimates of Gross Domestic Product by National Statistical Office (NSO), the real GVA of industrial sector grew by 1.6 per cent in first half (H1) (April-September) of 2019-20, as compared to 8.2 per cent in H1 of 2018-19. The low growth in industrial sector is primarily due to manufacturing sector which registered a negative growth of 0.2 per cent in 2019-20 H1. The overall Industrial sector growth is estimated to be 2.5% in 2019-20 as compared to 6.9% growth in 2018-19.

The Indian economy has been experiencing significant slowdown over the past few quarters. The GDP growth rate went down to 7.2% in 2017-18 as compared to 8.2% in 2016-17. It further declined to 6.8% in 2018-19. In the third quarter of the current fiscal, the economy grew at a six-year low rate of 4.7%. There was a strong hope of recovery in the last quarter of the current fiscal. However, the new coronavirus epidemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story. India reported its first confirmed case on January 30. However, there are only some signs of community transmission – the percentage of affected people is still low, with most cases related to travel. That said, the domestic situation remains fluid and warrants constant monitoring. The impact on the Indian economy could be significant if the virus continues to penetrate the country which will have a longer lasting effect. While the impact on economic prospects due to activity being affecting in countries like China, S Korea, Japan, Italy, etc. would be through trade, investment and services routes, it could be more damaging if there is any shutdown in India. The objective of the Survey is to understand the opinion from the business fraternity regarding the downside risks to the Indian economy on the backdrop of outbreak and spreading of this virus.

The Automobile Industry is one of the fastest growing sectors in India. The increase in the demand for cars, and other vehicles, powered by the increase in the income is the primary growth driver of the automobile industry in India. The introduction of tailor made finance schemes, easy repayment schemes has also helped the growth of the automobile sector. The industry currently manufactures 26 million vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2020, of which 4.7 million are exported. India holds a strong position in the international heavy vehicles arena as it is the largest tractor manufacturer, second-largest bus manufacturer and third largest heavy trucks manufacturer in the world. In April-March 2020, overall automobile exports registered a growth of 2.95%. Passenger vehicles exports marginally increased by 0.17% and two-wheeler exports registered a growth of 7.30% in April-March 2020 over the same period last year. India's passenger vehicle industry is expected to post a growth of 22% - 25% in FY22. India's annual production has been 30.91 million vehicles in 2019 as against 29.08 million in 2018, registering a healthy growth of 6.26%. India is expected to emerge as the world's third-largest passenger vehicle market by 2021. In FY

2018-19, sale of passenger vehicles has increased by 2.70%, two-wheeler by 4.86% and three-wheeler by 10.27% as compared to FY 2017-18. In April-March 2019, overall automobile exports grew by 14.50%. The overall Commercial Vehicles segment registered a growth of 17.55% in April- March 2019.

The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications to be administered (or self-administered) to patients, with the aim to cure them, vaccinate them, or alleviate the symptoms. Pharmaceutical companies may deal in generic or brand medications and medical devices. They are subject to a variety of laws and regulations that govern the patenting, testing, safety, efficacy and marketing of drugs. India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India’s domestic pharmaceutical market is estimated at US$ 41 billion in 2021 and likely to reach US$ 65 billion by 2024 and further expand to reach ~US$ 120-130 billion by 2030. India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US$ 64 billion in 2019 and is expected to reach US$ 150 billion by 2025. India’s drugs and pharmaceuticals exports stood at US$ 22.15 billion in FY21 (until February 2021).

LITERATURE REVIEW

As informed by the Automobile Industry Associations, the production stoppage at the automotive OEM and component supplier due to the COVID-19 pandemic and subsequent lockdowns led to a loss of approximately Rs 2,300 crore per day to the automotive sector.

Richard Baldwin., et al. (2020) noted that Covid-19 to be both a supply as well as demand shock which will crash international trade in goods and services and the study concluded that there is a chance of permanent damage to trade system driven by firm's reactions and policy. Scott R. Baker., et al. (2020) was observed that Covid-19 strongly impact stock market due to various reasons i.e. it affects public health and economy, inter connection among economies.

Shlolo Maital., et al.(2020) found that the major impact of Covid-19 outbreak would be on supply side of the market, but the remedies being considered currently is mainly focusing on the demand side. The study also pointed that under reasonable current scenarios, a global recession is much likely to occur. Abiad.,A. et al.(2020) study estimates that covid-19 would affect global GDP by 0.1 to 0.4% or $77 billion to $347 billion.

Mahendra Dev., S. (2020) analyzed measures such as lockdown, restrictions on global trade, closure of non-essential services, restriction on movement will adversely affect the financial health of the nation. Mishra., (2020) in his study the Covid-19 expected to affect all the sectors like international trade, Financial markets, unemployment, income, poverty and global trade.

According to a report on the Indian pharmaceutical industry, the source of APIs is a crucial part of the pharma industry's strategic plan to combat the COVID-19 pandemic. The majority of APIs for generic drug manufacturing across the globe are sourced from India, which also supplies approximately 30 percent of the generic APIs used in the US. However, Indian manufacturers rely heavily on APIs from China for the production of their medicine formulations, procuring around 70 percent from China, the top global producer and exporter of APIs by volume.

Patralekha Chatterjee et al.(2020) found that India supplies low-cost generic drugs to millions of people, both within and outside the country. But Indian pharmaceutical companies procure almost 70% of the active pharmaceutical ingredients (APIs) for their medicines from China, the world's leading producer and exporter of APIs by volume. As factories in China are closed to try to stem the coronavirus disease 2019 outbreak, pharmaceutical companies and the Indian Government are becoming concerned over the vulnerability of the Indian pharmaceutical supply chain.

Thomas C, Dasgupta N. et al.(2020) noted that India, the world's main supplier of generic drugs, has restricted the export of 26 pharmaceutical ingredients and the medicines made from them, including Paracetamol, a common pain reliever also sold as acetaminophen, as the coronavirus outbreak plays havoc with supply chains.

RESEARCH GAPS AND QUESTIONS

Although there are researches on how the COVID-19 pandemic has affected all the industrial sectors and also on one particular sector. But there haven't been any researches done on two different industrial sectors and drawn a comparison between them. The pandemic has affected almost all the sectors financially both negatively and positively which is what I have tried to depict through my research. There are no researches done in a similar way wherein there has been drawn a comparison between two distinct sectors one of which has been affected positively and the other negatively.

Questions:

I) How the industries used to function before the COVID-19 pandemic began?

II) How were the two sectors affected by the COVID-19 pandemic?

III) Which industrial sector out of two was affected the most?

PROJECT OBJECTIVES

I) To understand the working of industries before Covid-19.
The first objective of the project is to understand how the industries used to function before the COVID-19 pandemic began. The project focuses on the two distinct and fast growing industrial sectors that are Pharmaceutical and Automobile.

II) To understand the impact of the Covid-19 on industries.
The second objective is to understand how COVID-19 brought a change in the normal functioning of the above said industries. How did it impact the changes in the production and manufacturing process, sales, profits etc.

III) To compare and understand which industry was most affected out of the two.

PROJECT METHODOLOGY

The aim of this project is to study the working of pharmaceutical and automobile sector before covid-19 outbreak in India and the impact of the same after it's outbreak on the said industries in India. The present study is qualitative as well as analytical in nature. The data sources are review and analysis of various literatures, reputed published journals, working papers, articles, and web sources. The financial reports of various companies from said industries was collected using ProwessIQ and various other web sources.

After that Financial Analysis like Comparative analysis is done on the Balance Sheet of each company, then Ratio Analysis of all six company for comparison of the said industries.

DATA ANAYSIS AND DISCUSSION

AUTOMOBILE SECTOR

PESTLE ANALYSIS

The Indian automobile industry has greatly expanded in the recent past. Analysts state that this expansion is still ongoing and this industry will easily surpass some of those established in the developed countries if current development projects continue. There are certain factors that greatly influence the automobile industry in India and these can be broken down into:

Political factors

The Indian automobile industry has attracted many investors. All these are pooled in three main regions despite the expansive size of the country. This is due to the fact that these areas are more developed as compared to other regions. The government has a hand in this because it has invested in the development of these regions.

Politically speaking, the automobile industry has greatly benefited from the government of India. The government has set up bodies which help the automobile industry in carrying out research and development. These bodies also maintain a monitoring system for the automobile industry.

Economic factors

India has also been experiencing economic growth at an average 6% and the automobile industry contributes 22% to the GDP of the country. This makes it a very important income generating activity for the country. This growth has rippled its way to create consumers as there is a huge growing middle class in India. This class of people is increasingly purchasing automobiles and this is evident in the increased sales of certain vehicles in the past decade.

Without economic growth, India would not be able to attract as many foreign investors in the automobile industry. It is thus important for the country to sustain this upward growth as it will affect all its manufacturing industries.

Additionally, the price of certain crucial commodities has also influenced the automobile. Crude oil and petroleum products always affect the automobile industries. Rise in the world market price of these products makes things expensive and this trickles down to automobile manufacture as well as maintenance.

Social factors

India is fast becoming an automobile industry hub because of its large population. This forms a bustling market for the manufacturers. The tastes of the populations may vary but manufacturers always take note of the fast selling automobiles and create appropriate designs. For instance, in the past three years, there has been a surge of two-wheeler vehicles because of their convenience in the country. Many automobile industries have created these vehicles for domestic consumers.

Technological factors

The automobile industry has grown because there are several technological inventions. These are used not only in manufacture of the vehicles but also to reduce expenses for the vehicle buyers. The government is also helping in research and development to ensure that both producers and consumers are happy and encouraged to invest in the automobile industry.

Environmental factors

Environmental factors have influenced automobile industry in India because more investors are opting to manufacture environmental friendly vehicles. These include, vehicles that consume less fuels and emit less fumes. There are also some investors that have chosen to manufacture the electric vehicle in a bid to conserve energy and also the environment.

Legal factors

Legal factors have played a role in the recent expansion of the Indian automobile industry. This is because the industry is extremely incentivized with investors being given 100% foreign direct investment pass. There are also zero taxes for the investors who ship the cars to other countries from their manufacturing bases in India. By easing the legal rules affecting the industry, the government of India has encouraged varied automobile companies to set up shop in the country.

POTER'S FIVE FORCES

Threat of new entrants: Weak

It is difficult for new brands to enter the automobile industry which is because of the large investment required for establishing a car brand. At the initial stage, a huge investment will be required to set up the manufacturing facilities, distribution network and for hiring skilled staff. Another major barrier is the level of competition from the existing brands. Unless a new brand brings an innovative and differentiated product to the market, chances to gain a significant market share are low. While law was not a barrier for the new entrants earlier, legal requirements have grown in recent years, creating one more barrier to entry. Brand image and reputation can also be major challenges before new players. Brand image and equity are some major advantages for the existing brands. Any new brand would have to focus a lot upon engineering and product quality. Getting access to raw material can be easy but then achieving economies of scale is difficult for small players.

Bargaining power of suppliers: Weak

The bargaining power of suppliers in the automotive industry is weak for most of them are small players. Only few of them are significant in size. The threat of forward integration is minimum from the suppliers for the reasons discussed in the first category. These suppliers have to play according to the rules set by the car brands. The vehicle brands like BMW, Ford, Toyota and VW hold immense clout because the raw material is always available in plenty and switching from one supplier to another is not difficult for them. In this way, the bargaining power of suppliers is considerably low.

Bargaining power of buyers: Moderately strong

A large part of the buyers are the small individual buyers that buy single vehicles. However, there are corporations and government agencies that buy fleets of vehicles. Such buyers are in a position to bargain for lower prices. Whether small or large buyers can easily switch to a new brand. There are no big costs involved in switching to another brand or to an alternative mode of transportation. The buyers are price sensitive mostly and would switch to another brand that offers a better product at lower price. However, none of the buyers whether big corporations or individual small buyers poses a threat of backward integration. Based upon the overall picture their bargaining power is moderately strong. Brands focus on building customer loyalty through design, quality and by offering competitive prices. Competition in the automobile industry has grown intense and changing consumer trends have also led to growth in the bargaining power of customers.

Threat of substitutes: Weak

There are several substitutes and alternative modes of transportation including taxis, buses, trains and planes. However, none of them can provide the kind of accessibility and convenience that owning an automobile does. Your own car will serve you round the clock but if you missed a train or bus you have to wait for another. However, in case of the alternative modes you do not need to worry for maintenance. Still, owning a car is both a matter of convenience and prestige for most. So, the threat of substitutes is weakened. Still, there is some threat from the substitute products where daily commuters may find it cheaper and easier to take a train or bus.

Competitive Rivalry in the industry: Very strong

The number of recognized and influential brands is low and the exit barriers very high. Any brand trying to exit would have to bear large losses. The level of customer loyalty is high and while the industry is large, it has matured. This intensifies the competition for market share. However, different brands target different market segments but yet they overlap. Brands compete on the basis of price, design, quality, technology, customer safety and several other points. Overall, competition in the auto industry is a strong force or rather very strong. Auto firms are investing aggressively in research and development, digitalization as well as marketing and overall customer experience to grow sales and customer base. Whether in the premium category or the small car segment and SUVs, level of competitive rivalry among leading brands is strong. With higher competition, brands are trying to maximize customer satisfaction and competing to provide the best customer experience. They are also investing in growing their sales and distribution network as well as focus on after sales service is higher now.

SWOT ANALYSIS

Strengths

Evolving industry: Automobiles represent freedom and economic growth. Automobiles allow people to live, work and travel in ways that were unimaginable a century ago. Automobiles provides access to markets, to doctors, to jobs. Nearly every automobile trip ends with either an economic transaction or some other benefit to the quality of life.Continuous product innovation & technological advancement: With the advent of E-vehicles & alternative fuel such as Shell gas, CNG and others, Automobile Companies are increasing R & D expenditure to drive the next phase of growth through use of renewable sources of energy which may be solar, wind etc.

Increasing demand of VFM vehicles: Intense competition in the matured/developed markets has forced automobile manufacturers to target developing economies. But these developing economies have high demand for VFM products (value for money). In the automobile industry, VFM products would be fuel efficient, high mileage vehicles because majority of customers in these nations prefer vehicles for commuting. On the other hand, developed nations need is of vehicles for interstate travelling, and high speed vehicles suitable for long route with high engine power.

Manufacturing facilities in India to control cost: In order to control cost & to manage shrinking margins automobile companies like Harley, Volvo, Bharat benz etc. are building their manufacturing facilities in developing nations like India because these nations have cheap workforce, are high in resources & are nearer to developed economies. These are classic conditions of an emerging market.

Weaknesses

Cars recalled: Controversies relating to recalling vehicles on account of some technical dis-functionality or non-abidance to govt. led rules is becoming very common.

Bargaining power of consumers: Over the last 3-4 decades the automobile market has shifted from demand to supply market. Availability of large number of variants, Stiff competition between them, and long list of alternatives to choose from has given power to customers to choose whatever they like.

Growth rate of Automobile industry is the in the hands of the government due to regulations like excise duty, no entry of outside vehicles in the state, decreasing number of validity of registration period & volatility in the fuel prices. These factors always affect the growth of the industry.

Opportunities

Introducing fuel-efficient vehicles: Optimization of fuel-driven combustion engines and cost efficiency programs are good opportunities for the automobile market. Emerging markets will be the main growth drivers for a long time to come, and hence fuel efficient cars are the need of the hour.

Strategic Alliances: Making strategic alliances can be a smart strategy for Automobile companies. By using specialized capabilities & partnering with other companies, they can differentiate their offerings.

OEM priorities: Given the increase in electronic content, OEMs need to collaborate with suppliers and experts outside the traditional auto industry. Accomplishing this will require changes in the way OEMs function. OEMs will be looking to their top suppliers to co-invest in new global platforms & this will be the driving force in the future.

Threats

Intense Competition: Presence of such a large number of players in the Automobile industry results into extensive competition, every company eating into others share leaving little scope for new players.

Volatility in the fuel Prices: At least for the passenger segment fluctuations in the fuel prices remains the determining factor for its growth. Also government regulations relating the use of alternative fuels like CNG. Shell gas is also affecting the inventories.

Sluggish Economy: Macroeconomic uncertainty, Recession, un-employment etc. are the economic factors which will daunt the automobile industry for a long period of time.

High fixed cost and investment in R & D : Due to the fact that mature markets are already overcrowded, industry is shifting towards emerging markets by building facilities, R & D centres in these markets. But the ROI out of these decisions is yet to be capitalized.

PHARMACEUTICAL SECTOR

PESTLE ANALYSIS

POLITICAL FACTORS

There is political uncertainness, Combination of diverse political ideas have got together to cobble together a rag-tag alliance. Hence any consistent political or economic policy can now be expected. This muddies the investing field. The Minister in charge of the industry had been endangering to enforce even more rigorous Price Control on the industry than earlier. Thus it is throwing many investing programs into the stagnation. DPCO, which is the bible for the industry has in consequence worked contrary to the stated aims. DPCO nullifies the market forces from promoting competitory pricing of goods dictated by the market. Now the pricing is done by the Government, based on the sanctioned costs irrespective of the existent costs.

The state goes in for the IPR (Intellectual Property Rights) government which is popularly known as the Patent Act. This Act impacts the Pharmaceutical Industry the most. Thus an Indian company could not get away paying a patent fee to the discoverer of a drug by fabricating it utilizing a different chemical path. Indian companies went against this jurisprudence and used the reverse-engineering path to contrive alternate fabrication methods. A batch of money was saved this manner. This besides encouraged viing company to market their versions of the same drug. This means that the dross and hint elements that were found in different trade names of the same substance were different both in making every bit good as in quantum. Therefore many trade names of the same medical specialty were genuinely different. Here Branding really meant quality and purer trade name really had pure active ingredients and lesser or less toxic dross.

ECONOMIC FACTORS

Indians spends a really little proportion of their income on health care. This has stunted the demand and therefore the growing of the industry. Per capita income of avg. Indian is every bit low, hence, passing on the health care takes a low precedence. An Indian visits a physician merely when there is an exigency. This has led to a flourishing of unqualified physicians and spread of non-standardized medicine.The Incidences of Taxes are high. Excise Duty (State & A ; Central) , Custom Duty, Service Tax, Profession Tax, License Fees, Royalty, Pollution Clearance Tax, Hazardous substance (Storage & A ; Handling) licence, income revenue enhancement, Stamp Duty and a host of other levies and charges have to be paid. On a norm it amounts to no less than 40-45 % of the costs.

The figure of Registered Medical practicians is low because of this. Due to which the range of Pharmaceuticals is affected adversely. There are about 5million Medical stores. Besides this affects adversely the distribution of medical specialties and besides adds to the distribution costs. India is a high involvement rate government. Therefore the cost of finances is dual that in America which adds to the cost of goods.Adequate storage and transit installations for particular drugs are missing. Surveys had indicated that about 60 % of the Retail Chemists do not hold equal infrigidation installations and stored drugs under sub-optimal conditions. Therefore impacting the quality of the drugs administered and of class adds to the costs.

SOCIO-CULTURAL FACTORS

Poverty and associated malnutrition dramatically affected the incidence of Malaria and TB, preventable diseases continued to play mayhem in India for decennaries even after they were eradicated in other states. Poor Sanitation and contaminated water beginnings ended the life of about 1 million kids who were under the age of five. In India people preferred utilizing family interventions which handed down for coevalss for common complaints. Increasing pollution has added to the health care job. Smoke, imbibing and hapless unwritten hygiene is still adding to the health care job. Large joint households transmit catching disease among the members. The current population features people of older generation in a large number. This means the number of sick people is higher than ever. This has placed a high amount of pressure on the pharmaceutical industry leading to its growth. However, when this particular generation passes away there is expected to be a downfall in the demand of various drugs.

Early kid bearing affects the wellness criterions of adult females and kids. Ignorance of vaccination and inoculation has prevented the obliteration of diseases like infantile paralysis, chicken-pox, small-pox, epidemic parotitis and rubeolas. Monitoring one's own health has become a trend of the current generation. While this may lead to lesser requirement of doctors and general physicians, people are now consuming more drugs than ever. However, exercising and fitness trends are also leading to lesser requirement for drugs as they lead to healthier lifestyle without the need for drugs.

TECHNOLOGICAL FACTORS

Advanced machines have dramatically increased the end product and reduced the cost. Computerization has boosted the efficiency of the Pharma Industry. Newer drug bringing systems are the inventions of the twenty-four hours. The immense unemployment in India prevents industries from traveling to the full automatic as the Government every bit good as the Labour Unions voice complains against such constitutions.

Biotechnology allows the decoding of animal and plant aspects to help humanitarian causes. It has a large part to play in the creation of drugs and the current growth in this industry is producing many new medicines and also developing new methods to make cheaper alternatives. There are high expectations from the biotech industry to grow even further and constantly fuel the growth of the pharmaceutical industry.

Marketing has come a long way from its origins. Now pharmaceutical companies are able to market their products directly to the consumers. This has led to consumers purchasing more drugs and creating demand for more consumer drugs.

LEGAL FACTORS

The pharmaceutical industry is now a extremely regulated and conformity enforcing industry. As a consequence of which there are huge legal, regulative and conformity operating expenses for the industry to absorb. This tends to curtail it's dynamism but in recent old ages, authorities has begun to bespeak industry proposals on regulative operating expenses to promote invention in the face of mounting planetary challenges from external markets. In Pharmaceutical industry, there is immense PSU section which is extremely inefficient. The Government puts the excess generated by efficient units into the monetary value equalisation history of inefficient units therefore unduly subsidising them. On a long term footing this has made practically everybody inefficient. The Government provides excess drawbacks to some units located in specified country, supplying them with subsidies that are unjust to the remainder of the industry, conveying in a skewed development of the industry. As a consequence, Pharmaceutical units have come up at topographic point unsuitable for a best cost fabrication activity.

Environmental Factors

Manufacturing drugs leave a large carbon footprint. And with the current environmental concerns, demands for regulation of pharmaceutical waste has become a major concern for these companies. Most of them are large businesses and are expected to meet highly stipulated environmental regulations.

Alongside regulating their own carbon footprint these companies often take part in donating for environmental causes. As a result, the newcomers are also expected to take part in such activities, and this makes the market more stringent.

POTER'S 5 FORCES

i) Threat of New Entrants: This point encompasses not only the ease with which a new entrant is able to set up shop in an industry but the question of sustainability of the set-up is also taken care of in this point. The Indian Pharmaceutical Industry and the Pharmaceutical Industry in general has a high entry barrier for new entrants wishing to enter into the industry. Some of the points that are related to the entry barrier in the pharmaceutical industry in general are as follows: The presence of economies of scale in manufacturing, R&D, marketing, sales etc. and Capital requirements and financial resources. Already existing companies have a huge advantage in terms of the costs involved in launching new drugs and formulations. For a new entrant to match the economies of scale and R&D capabilities of the incumbent companies is extremely difficult, if not impossible.

ii) Bargaining Power of Buyers: In the pharmaceutical industry, the buyer does not have much power over the manufacturer because of the presence influencing element in this case, i.e. the doctor. However, due to the extremely fragmented nature of the industry and the presence of government policies like Drug Price Control Order (DPCO), 1970 under which the power to control prices is with the National Pharmaceutical Pricing Authority (NPPA) the low power of the buyers does not have much effect on the manufacturers.

iii) Bargaining power of suppliers: The main suppliers to the pharmaceutical industry are mainly the organic chemical industries and the labor force. The fragmented nature of the chemical industry prevents it from having much bargaining power over the manufacturers as the switching cost is low for the manufacturers.

iv) Threat of Substitutes: The main substitutes to the synthetic pharmaceutical industry would be the emerging biotechnology chemical industry. Also in a developing country like India, the traditional medicines also play a major substituting role. This as lead to a major constraint on the size of the Indian Pharmaceutical Industry.

v) Intensity of Rivalry: The India Pharmaceutical Industry is extremely fragmented with around 250- 300 manufacturing and formulation units in the organized sector which contribute to only 70% of the market share of total sales in the country. The concentration ratio (indicates the portion of total industry output by the largest firms in an industry) for the industry is very low.

SWOT ANALYSIS

Strengths:

i) The growth of middle class in the country has resulted in fast changing lifestyles in urban and to some extent rural centers. This opens a huge market for lifestyle drugs, which has a very low contribution in the Indian markets.
ii) Indian manufacturers are one of the lowest cost producers of drugs in the world. With a scalable labor force, Indian manufactures can produce drugs at 40 per cent to 50 per cent of the cost to the rest of the world. In some cases, this cost is as low as 90 per cent.
iii) Indian pharmaceutical industry posses excellent chemistry and process reengineering skills. This adds to the competitive advantage of the Indian companies. The strength in chemistry skill help Indian companies to develop processes, which are cost effective.

Weakness:

i) The Indian pharma companies are marred by the price regulation. Over a period of time, this regulation has reduced the pricing ability of companies. The NPPA (National Pharma Pricing Authority), which is the authority to decide the various pricing parameters, sets prices of different drugs, which leads to lower profitability for the companies. The companies, which are lowest cost producers, are at advantage while those who cannot produce have either to stop production or bear losses.
ii) Indian pharma sector has been marred by lack of product patent, which prevents global pharma companies to introduce new drugs in the country and discourages innovation and drug discovery. But this has provided an upper hand to the Indian pharma companies.
iii) Indian pharma market is one of the least penetrated in the world. However, growth has been slow to come by. As a result, Indian majors are relying on exports for growth. To put things in to perspective, India accounts for almost 16 per cent of the world population while the total size of industry is just 1 per cent of the global pharma industry.
iv) Due to very low barriers to entry, Indian pharma industry is highly fragmented with about 300 large manufacturing units and about 18,000 small units spread across the country. This makes Indian pharma market increasingly competitive. The industry witnesses price competition, which reduces the growth of the industry in value term.

<u>Opportunities</u>

i) The migration into a product patent based regime is likely to transform industry fortunes in the long term. The new patent product regime will bring with it new innovative drugs. This will increase the profitability of MNC pharma companies and will force domestic pharma companies to focus more on R&D. This migration could result in consolidation as well. Very small players may not be able to cope up with the challenging environment and may succumb to giants.

ii) Opening up of health insurance sector and the expected growth in per capita income are key growth drivers from a long-term perspective. This leads to the expansion of healthcare industry of which pharma industry is an integral part.
iii) Being the lowest cost producer combined with FDA approved plants, Indian companies can become a global outsourcing hub for pharmaceutical products.

Threats:

i) There are certain concerns over the patent regime regarding its current structure. It might be possible that the new government may change certain provisions of the Patent Act formulated by the preceding government.
ii) Threats from other low cost countries like China and Israel exist. However, on the quality front, India is better placed relative to China. So, differentiation in the contract manufacturing side may wane.
iii) The short-term threat for the pharma industry is the uncertainty regarding the implementation of VAT. Though this is likely to have a negative impact in the short-term, the implications over the long-term are positive for the industry.

ANALYSIS OF COMPANIES

MARUTI SUZUKI LTD

PESTLE ANALYSIS

Political factors

Political factors that affect the sale and revenue of automobile companies like Maruti Suzuki are rules and regulations formed by the government. The policies which are laid by the government for the automobile sector need to be followed by Maruti Suzuki. Taxation and labor laws, affect the overall revenue of the company if the taxes increase then the company has to increase its product price, and there is also an increase in labor laws by the government

Economic Factors:

The economy of a country affects the sales and revenue of an automobile company like Maruti Suzuki. Maruti Suzuki is the leading automobile company in India but due to the economic downfall, its sales decreased by 32.7 percent in August 2019. An increase in interest and inflation rate will result in a negative impact on the growth if the company. The oil price is a major factor in determining the sale of the company, as the oil prices are rising people are not willing to buy the cars and thus the sale decreases. The manufacturing sector has grown by around 10 percent per annum in the last few years. But due to the economic slowdown this year, the company has curtailed its manufacturing.

Social Factors:

Socially Maruti Suzuki has done a lot for the people, Maruti Suzuki believes in serving enhanced customer requirements, and perceived social value. Maruti has set up many welfare camps, took initiative for the education of the underprivileged, has adopted energy-saving technologies, reduced water wastage, taken care of road safety, etc. Maruti Suzuki has set up its driving schools to assure every person learns the right approach and to minimize the risk of accidents. Maruti has always fulfilled and delivered the needs of common people.

Technological Factors:

The automobile sector always needs to be updated in technologies to consider driving safety needs and innovations in the model. The company invests a lot in research and development to improve engine features. Maruti Suzuki is involved in the manufacturing of fuel-efficient and small car engines. For its highest selling car Alto it launched a CNG kit. The company applies next-generation KB series engine in its new hatchback car A-star. The company developed the LPG/CNG/Hybrid system for the MPI engine to use as the alternate fuel technology.

Legal Factors:

Maruti Suzuki has to follow the highest standards of corporate governance. All the legal laws need to be followed by the company to take care of the safety of the consumers. The company has evolved a legal compliance scheduling and management software by which specific tasks are given to every individual. The customers can contact any time for their queries to the secretarial and legal department. Maruti Suzuki is involved in international trade, so it has to follow the trade laws of every country involved. Increased level of regulations and privatization of the automobile sector also affects the sale of Maruti Suzuki.

Environmental Factors:

The automobile industry follows international standards of emission and safety. There is a growing concern about the pollution caused by automobiles. Maruti Suzuki enables a continuous process of promoting recyclable and reusable car parts. Maruti is also practicing the 3 R model - Reuse, Reduce, Recycle for a long time, the company took an initiative to introduce environmentally friendly cars which are fitted with CNG option across the vehicle segment which included Eco, Alto, Estilo, Wagon R, and SX4. Thus Maruti became the first-ever automobile company to introduce and manufacture CNG fitted models of car.

POTER'S FIVE FORCES

Power of buyers

In the last 15-20 years, Maruti Suzuki managed to dominate the Indian automotive market based on a value for money foundation of producing cheap fuel efficient cars backed by good after sales with little regard given to style or features. In the past, this served the market well due to the economic realities of weak purchasing power, barriers such as regulatory protection and information asymmetry. But as incomes rise, and technology fuels disruptive technology, while knowledge becomes a commodity, power has shifted somewhat to buyers.

Power of suppliers

Due to the sheer number of car manufacturers and brands setting up shop in India, it has also spawned an influx of component manufacturers who supply the auto industry. This gives them power over some brands that are not OEM manufacturers.

Rivalry within existing firms

India's automotive industry currently resembles a duopoly with the top two car manufacturers commanding more than 65% of the entire passenger vehicle market. . This is a legacy of many factors including early mover advantage of the Maruti Suzuki joint venture since 1982 while Hyundai started manufacturing operations in 1992, the first foreign car brand to do so. Government subsidy arising from the government's shareholding in the Maruti Suzuki joint venture was an added perk for Maruti at least until 2007 when the government sold its shareholding.

Threat of substitutes

Another unique feature of India's automotive industry is the massive presence of two wheelers, whose unit volume sales reached 18million (or 81% market share of the automobile market) compared to passenger vehicle unit sales of 3.4million--13% market share. This means car purchases in India have a far bigger threat from two wheeler substitutes compared to other modes of transportation in other countries. Together with the rail, they offer a more affordable way of travelling within the country for the poor as almost half of two-wheelers sales comes from rural markets.

Threat of entry/Barriers to entry

As the incumbent leader with the dominant market share in India's automobile industry, Maruti Suzuki is all too aware of the threat new entrants pose to both its dominance of market share as well as profitability in different car segments as well as the automobile entire market. The threat of entry in an industry is usually determined by the barriers to entry that existing players set up to try and barricade themselves from competition.

SWOT ANALYSIS

STRENGTHS

Major strength of Maruti Suzuki is having largest network of dealers and after sales service centers in the country. Good promotional strategy is adopted by MUL to transfer its thoughts to the people about its products. Strong Brand Value and Loyal Customer Base are big strengths for Maruti Suzuki.There are around 15 vehicles in Maruti Product portfolio. Has good product lines with good fuel efficiency like Maruti Swift, Diesel, Alto etc. Alto still beats the small car segment with highest number of sales Maruti Suzuki is the first automobile company to start second hand vehicle sales through its True-value entity. Maruti Suzuki has good market share and hence it's after sales service is a major revenue contributor.

WEAKNESS

Low interior quality inside the cars when compared to quality players like Hyundai and other new foreign players like Volkswagen,Nissan etc. Government intervention due to having share in Maruti suzuki. Younger generations started getting a great affinity towards new foreign brands.

OPPORTUNITIES

Maruti Suzuki has launched its LPG version of Wagon R and it was a good move simultaneously. Maruti Suzuki can start R&D on electric cars for a much better substitute of the fuel. New DZire from Maruti will capture the market share and expected to create the same magic as Maruti Esteem(currently not available) Economic growth of the country is constantly increasing and the government is working hard to increase the gdp to double digit.

THREATS

Government Regulations and Bureaucracy – Maruti Suzuki should keep a close eye on the fast changing government regulations under the growing pressure from protest groups and non government organization especially regarding to environmental and labor safety aspects. Growing Protectionism - Maruti Suzuki should hedge the risk against growing protectionism ranging from – storing data into international market to diversifying risk by operating into countries at different economic cycle. Increasing costs component for working in developed market because of environmental regulations – Maruti Suzuki has to deal with these costs as governments are trying to levy higher environmental taxes to promote cleaner options. For Maruti Suzuki it may result into higher logistics costs and higher packaging costs.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	21.91	14.62	10.50	4.97	6.048
Reserves and surplus	22.02	14.68	10.54	4.99	6.067
Current liabilities	17.69	21.07	(-8.72)	(-22.83)	42.97
Investments	42.89	23.91	3.47	(-0.13)	14.58
Sundry debtors & Bills Receivable	(-9.30)	21.90	58.05	(-14.52)	(-35.35)
Current Asset	(-3.03)	2.96	9.26	(-3.03)	43.26

As we can see that, the company has been in profit but the profit margin has decreased over the years. In the year 2017, the Shareholder's funds was 21.91% which decreased by 7.29% in the year 2018 to 14.62%. It further decreased by 4.12% in the year 2019 to 10.50%. In the year 2020, it again decreased 5.53% to 4.97%. Although in the year 2021, it slightly increased by 1.078% to 6.048%. Comparatively, the Reserves and Surplus also decreased over the years. In the year 2017, they were 22.02% which decreased by 7.34% to 14.68% in 2018. Subsequently, it again decreased by 4.14% to 10.54% in 2019 and again by 5.55% to 4.99% in 2020. But it saw a slight increase of 1.077% to 6.067% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder's Funds. Investments by the company has seen a drastic decrease over the years as well. It was 42. 89% in 2017 which decreased to 23.91% in 2018. It further decreased to 3.47% in 2019 and in 2020 it was (-0.13%). Although it increased to 14.58% in the year 2021. Sundry debtors and Bills Receivable was (-9.30%) in 2017 but it increased to 21.90% in 2018 which means that the debtors of the company has increased. It further increased to 58.05% in 2019. Although it decreased to (-14.52%) in 2020 and further decreased to (-35.35%) in 2021.

Ratio Analysis:

<u>*Leverage Ratio*</u>

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.013:1	0.003:1	0.003:1	0.004:1	0.01:1

Debt to Equity Ratio is less than 1 that means the assets are more funded by the equity. But the ratio is less than 0.1 throughout the years which means that the company is not fully utilising the cheaper source of finance i.e. debt. It is 0.013 in 2017, which decreased to 0.003 in 2018 and 2019. It increased slightly to 0.004 in 2020 and 0.01 in 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	0.664:1	0.513:1	0.874:1	0.746:1	1.15:1
Quick Ratio	0.417:1	0.308:1	0.639:1	0.461:1	0.961:1

As we can see from the balance sheet, Current Liabilities are greater than Current Assets for the year 2017 and 2018. But the Current Ratio has been less than 1 throughout the years except for 2021 where it is 1.15. This means that the company is finally capable of paying off its short term Liabilities. Quick ratio of the company has also been fluctuating over the years. It was 0.41 in 2017, 0.30 in 2018, 0.63 in 2019, 0.46 in 2020 and 0.96 in 2021. The company has never been able to use its current assets to completely cover its current liabilities. However in the year 2021, the company was stable enough to almost cover its liabilities using its assets since the ratio was close to 1.

Turnover Ratio

(Time)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	10.90	12.91	13.84	12.59	12.57
Debtors Turnover Ratio	53.96	59.94	45.60	35.28	43.26
Creditors Turnover Ratio	6.52	6.34	6.50	6.92	6.33

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. So the inventory was used 10.90 times in 2017, which increased to 12.91 times in 2018. It further increased to 13.84 times in 2019 but slightly decreased to 12.59 in 2020 and further decreased to 12.57 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. This ratio of the company has always been high. It was 53.96 in the year 2017 which increased to 59.94 in 2018. In 2019 it dropped to 45.60 and further dropped to 35.28 in 2020. In 2021 it again increased to 43.26. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years. It was 6.52 in 2017, 6.34 in 2018, 6.50 in 2019, 6.92 in 2020 and 6.33 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	10.77	9.66	8.70	7.34	5.99
Operating Profit Margin	14.75	14.22	12.25	9.40	7.46

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 10.77 in 2017, 9.66 in 2018, 8.70 in 2019, 7.34 in 2020 and 5.99 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 14.75 in 2017, 14.22 in 2018, 12.25 in 2019, 9.40 in 2020 and 7.46 in 2021.

TATA MOTERS LTD

PESTLE ANALYSIS

POLITICAL FACTORS

As Tata Motors ltd is working in auto fabricates, significantly in excess of dozen nations in this manner it brings about savvy introduction itself in various sorts of world of politics and political framework dangers. Results astute they need to confront various degrees of defilement, organization and obstruction in various lawful of systems for contract requirement, licensed innovation security, valuing guideline and compulsory representatives benefits, mechanical wellbeing guidelines in buyer merchandise area.

ECONOMIC FACTOR

TATA engines share 4 percent responding to remote business CLSA's call to "sell" the stock as cost concerns proceeded in a powerless interest condition. Things appear to going from terrible to more regrettable for Tata engines ltd as deals crosswise over worldwide market are diving, expanding capital costs and overwhelming obligation alongside arrangement of rating downsize. While there was a failure of Tata Nano, some of its other brands like Safari, Sumo, Hexa have all benefitted Tata Motors.

Social Factors:

Trust in brand TATA is a bit of leeway to Tata's influence. Tata Motors has constantly given weightage in utilizing the neighbourhood populace making openings for work and cooperative attitude among the general public. View of TATA vehicles extraordinarily in traveller fragment is that of a modest vehicle Trade guild assumes a fundamental job in the assembling segment in Indian car industry.

Technological Factors:

To receive new advances Tata Motors possesses TATA innovations ltd which aides overhauling of structure and innovation of Tata engines. Tata Motors has been pushing for electrical vehicles exceptionally in the class of business traveller vehicles (transports. The more versatile the trade understandings are, the greater accomplishment and arrangement the association will get. In like way, the political robustness in the huge markets of the states is one of the gigantic parts.

Legal Factors:

Tata Motors, like an major company, is bound by several legal factors. The more versatile the trade understandings are, the greater accomplishment and arrangement the association will get. In like way, the political robustness in the noteworthy markets of the states is one of the immense parts. If India transforms into a state where there is political trustworthiness will be logically disposed to the obtaining of the latest vehicles. In various terms the more a state will be, the better the lifestyle of the people will be and the more chances of the extraordinary freedom of vehicles will be.

Environmental Factor:

Tata Motors endeavors to be an eco-accommodating organization and backs numerous crusades like Earth and clear earth. The organization is advancing electric vehicles and furthermore the organization is seeking after the conceivable outcomes of eco-friendly mixture autos. The reduction in the stores of the oil is moreover an open entryway for Tata Motors as it assists with bringing the new advancement and the improvement in the space of motors. The particular regular well-arranged situation by the overall associations is one the fundamental stress for the association. It is inhabitant for the association to see these natural outside factors in focus while driving the laws.

POTERS FIVE FORCES

Threat of New Entrants

i) The product differentiation is strong within the industry, where firms in the industry sell differentiated products rather a standardised product. Customers also look for differentiated products. There is a strong emphasis on advertising and customer services as well.
ii) The capital requirements within the industry are high, therefore, making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Capital expenditure is also high because of high Research and Development costs.
iii) The access to distribution networks is easy for new entrants, which can easily set up their distribution channels and come into the business. With only a few retail outlets selling the product type, it is easy for any new entrant to get its product on the shelves.

Bargaining Power of Suppliers

i) The number of suppliers in the industry in which Tata Motors Limited operates is a lot compared to the buyers. This means that the suppliers have less control over prices and this makes the bargaining power of suppliers a weak force.
ii) The product that these suppliers provide are fairly standardised, less differentiated and have low switching costs. This makes it easier for buyers like Tata Motors Limited to switch suppliers. This makes the bargaining power of suppliers a weaker force.
iii) The suppliers do not contend with other products within this industry. This means that there are no other substitutes for the product other than the ones that the suppliers provide. This makes the bargaining power of suppliers a stronger force within the industry.

Bargaining Power of Buyers

i) The product differentiation within the industry is high, which means that the buyers are not able to find alternative firms producing a particular product. This difficulty in switching makes the bargaining power of buyers a weaker force within the industry.
ii) The income of the buyers within the industry is low. This means that there is pressure to purchase at low prices, making the buyers more price sensitive. This makes the buying power of buyers a weaker force within the industry.
iii) The quality of the products is important to the buyers, and these buyers make frequent purchases. This means that the buyers in the industry are less price sensitive. This makes the bargaining power of buyers a weaker force within the industry.

Threat of Substitute Products

The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which Tata Motors Limited operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. This means that the threat of substitute products is weak within the industry.

Rivalry among Existing Firms

i) The very few competitors have a large market share. This means that these will engage in competitive actions to gain position and become market leaders. This makes the rivalry among existing firms a stronger force within the industry.
ii) The industry in which Tata Motors Limited is growing every year and is expected to continue to do this for a few years ahead. A positive Industry growth means that competitors are less likely to engage in completive actions because they do not need to capture market share from each other. This makes the rivalry among existing firms a weaker force within the industry.

SWOT ANALYSIS

Strength

i) Large and diversified product portfolio: Tata's product portfolio is broad and well-diversified. The well-diversified automobile portfolio helps them bring revenue and income stabilization. This stability develops confidence for the investors in Tata Motors.
ii) Stable Earning: Stabilized profit has been earned. Tata has a strong method of governing. Tata Motors acquire those companies which are similar in the management structure. They only follow this policy, as they have confidence in their policy objectives of management.
iii) Acquisition Strategies Mergers and acquisitions, if adequately implemented, increase the profits due to the synergy effect. TATA Motors has the most significant history of acquiring Jaguar Land Rover, Daewoo, Hispano, etc., and making profits from those acquisitions.
iv) Established distribution and service Network: TATA motors have a distributed service network across the country, with over 1600 workshops covering 90% of our country's districts. This established distribution network also helps in having a competitive advantage which helps in market penetration.

Weaknesses

i) Increase in Operation cost and reduced profits: Even though the acquisition of Jaguar and Landover was successful for the initial few years. It made the company more dependent on this subsidiary for its overall performance. This is decreasing the overall sales and profits of the company from last five years.
ii) Unsuccessful in finding a foothold in Luxury Segment: TATA Motors is still struggling to obtain its foothold in the luxury market, where the profit margins are more. The brand is yet viewed as best for its low-cost vehicles.

iii) Limited Presence compared to International Moto Manufacturers: TATA motors have a limited presence across the world than international competitors like Toyota, Honda, Volkswagen, etc.

Opportunities

i) Shift focus in developing luxury car brands: TATA Motors is known for its low-cost cars. As they have acquired a good number of subsidiaries in last decade. They should take the leverage in developing.
ii) Low credit rate: Due to the economic slowdown, the government has slashed credit rates and has not increased them for at least two years. TATA Motors can use this as an advantage for market penetration by raising credit from the market to increase production
iii) Increasing the cost of Research and Development: TATA Motors products are seen as traditional models, though they tried to diversify to meet millennials' needs. Though the company is spending more than the industry average on Research and development, it is comparatively low with big players in the industry. This might open new avenues for the company.

Threats

i) Increase Tax on Fuel Consumed: The central and state governments have been increasing their tax rates for the last years through the fuel oil price per barrel decreases. The cost of petrol nearly reached 100/litre. The increase in petrol prices impacts negatively on the sales of the automotive industry.
ii) Rivalry: The automotive industry is the oldest in our country. Big brands like Maruti, Mahindra & Mahindra, Hero, and Bajaj Auto are both experienced in the industry and innovative in their solutions. This stiff competition is always a threat for TATA Motors.
iii) Basel -VI Norms: The government's decision to introduce Basel -VI norms from Basel-IV is creating confusion in users' minds over the purchase decision from the last year. To make the vehicles compliant with new standards, automakers have to move to new technology. This increases the cost of production and decreases the profit margin for players across the Auto industry.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	(-9.03)	(-4.69)	9.87	(-17.03)	3.63
Reserves and surplus	(-9.30)	(-4.84)	10.22	(-17.76)	3.52
Current liabilities	8.97	27.91	(-10.59)	0.42	24.02
Investments	1.96	(-3.08)	0.62	(-1.49)	6.48
Sundry debtors & Bills Receivable	4.03	63.52	(-6.59)	(-39.15)	5.53
Current Asset	3.60	20.63	(-4.97)	7.23	13.13

As we can see that, the profit margin of the company has been low over the years. In the year 2017, the Shareholder’s funds was -9.03% which increased by 4.37% in the year 2018 to -4.69%. It further increased by 14.56% in the year 2019 to 9.87%. In the year 2020, it again decreased 26.9% to -17.03%. Although in the year 2021, it increased by 20.66% to 3.63%. Comparatively, the Reserves and Surplus also been low over the years. In the year 2017, they were -9.30% which increased by 4.46% to -4.84% in 2018. Subsequently, it again increased by 15.06% to 10.22% in 2019 and decreased again 27.98% to -17.76% in 2020. But it saw an increase of 21.28% to 3.52% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder’s Funds. Investments by the company have been fluctuating over the years. It was 1.96% in 2017 which decreased to -3.08% in 2018. It again increased to 0.62% in 2019 and in 2020 it again decreased to (-1.9%). Although it increased to 6.48% in the year 2021. Sundry debtors and Bills Receivable was 4.03% in 2017 which increased drastically to 63.52% in 2018 which means that the debtors of the company has increased. Although it decreased to -6.59% in 2019 and further decreased to (-39.15%) in 2020. But in 2021 it again increased to 5.53.

Ratio Analysis:

Leverage Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.89:1	0.806:1	0.79:1	1.169:1	1.026:1

Debt to Equity Ratio is less than 1 from 2017 to 2019 that means the assets are more funded by the equity. But it has been greater than 1 for the year 2020 and 2021. Although the ratio is less than 1 from 2017 to 2019 it is still close to 1 which means the company has always been in a good financial health. It was 0.89 in 2017, 0.80 in 2018, 0.79 in 2019, 1.169 in 2020 and 1.02 in 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	0.592:1	0.609:1	0.57:1	0.518:1	0.596:1
Quick Ratio	0.334:1	0.375:1	0.366:1	0.37:1	0.422:1

As we can see from the balance sheet, Current Assets are greater than Current Liabilities for the year 2019 and 2020. But the Current Ratio has been less than 1 throughout the years. On an average it has been around 0.57 which means the company has been using around half of its assets to cover its liabilities. This means that the company is hasn't been capable of paying off its short term Liabilities. Quick ratio of the company has also been consistent over the years. It was 0.33 in 2017, 0.37 in 2018, 0.36 in 2019, 0.37 in 2020 and 0.42 in 2021. The company has never been able to use its current assets to completely cover its current liabilities.

Turnover Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	4.67	5.96	7.78	6.40	6.42
Debtors Turnover Ratio	21.23	20.64	20.56	16.76	23.06
Creditors Turnover Ratio	3.46	3.64	4.48	3.85	4.74

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. So the inventory was used 4.67 times in 2017, which increased to 5.96 times in 2018. It further increased to 7.78 times in 2019 but slightly decreased to 6.40 in 2020 and slightly increased to 6.42 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. This ratio of the company has always been consistent. It was 21.23 in the year 2017, 20.64 in 2018, 20.56 in 2019, 16.76 in 2020 and 23.06 in 2021. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years as well. It was 3.46 in 2017, 3.64 in 2018, 4.48 in 2019, 3.85 in 2020 and 4.74 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	2.24	2.31	(-9.58)	(-4.20)	(-5.21)
Operating Profit Margin	4.61	4.70	1.33	(-0.17)	4.55

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 2.24 in 2017, 2.31 in 2018, -9.58 in 2019, -4.20 in 2020 and -5.21 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 4.61 in 2017, 4.70 in 2018, 1.33 in 2019, -0.17 in 2020 and 4.55 in 2021.

HERO MOTOCORP LTD

PESTLE ANALYSIS

POLITICAL FACTORS

The political factors may involves environment regulations, employment laws, tariffs, tax policy, trade restrictions, political stability and reforms. It is noteworthy, that the charities needs to be included where a government are not willing services and goods to be provided.

Economic factors:

The Hero Motocorp economic factors or forces involves interest rates, inflation, and growth of economy, cost of living, working hours, wage rate and exchange rates. Combining these factors, it last greater and inevitable impact on organization.

Social factors:

The culture or social influence on certain businesses vary from country to country. It is significant to consider these factors. The social factors includes safety and health consciousness, various demographics, population growth rates and cultural aspects.

Technological factors:

Notably, Hero Motocorp technology is one of the most important way of being competitive in the highly competitive market arena. Not only this, it drives globalization, the factors includes environmental and ecological aspects, and available services as well as products. An organization should innovate and be compatible with the technologies.

Legal factors:

The Hero Motocorp legal factors involves the certain laws and regulations which might effect on the business operations of an organization. It also includes impending and current legislation that tends to impact on the industry in areas including competition, employment, safety and health. An organization should consider the influence of the national and international laws where the organization would originate the business operations.

Environmental factors:

The environmental factors include all those factor lasting impact or influence, the surrounding environment most likely determine environmental factors. The factors involves awareness of the seasonal or climate change or terrain variation. The analysis of the environment including internal and external elements is vital for organization since it impacts on the performance of an organization.

POTER'S FIVE FORCES

Competitive rivalry

The competition among the firms help in identifying the lucrativeness of an industry where companies are competing hard in order to maintain their power within the industry. The Hero Motocorp competition is moreover on basis of diversity, the development within the sector and the barriers related to entrance in the market.

Threats of new entrants

It is in the favor of the companies that exist in the market to create barriers for the new entrants to prevent them from entering into the industry. The organizations could be the new companies or the companies that are planning to diversify itself in the market. The barriers can be both industrial and legal. Apart from this the size and the reputation of the companies that are already operating in the market also play an important.

Threats of substitute

The Hero Motocorp substitute products are an alternatives that are available in the market at comparatively better prices. Such products prevail due to the technological and innovative advancement. Due to which the products being produced by the companies that are already existing in the market and is using the same technology are than replaced by the other company's products that are comparatively better in terms of price and quality and are being produced from sectors with significant profits. The substitute products are dangerous as the companies are under constant threat of being replaced.

Bargaining power of suppliers

Powerful suppliers possess more power to capture significant value for themselves by demanding high prices while limiting the quality and the quantity of the product or services or by transferring the cost on the participant of the industry.

A bargaining power of a supplier in the market is strong if:

i) It is more concentrated than the industry it is selling to.
ii) It is not heavily relying on the industry for its profits.
iii) The product being offered by the suppliers are highly differentiated.

Bargaining power of customers

The buyers having strong bargaining power can highly influence the profitability of the suppliers operating in the market by imposing condition that are not much favorable for the suppliers in terms of price, quality or service. The level of interest and concentration of buyers toward the product gives them more or less power.

The customer are assumed to have strong buying power in case:

i) If the number of buyer are limited or each of the buyer purchases large quantity relative to the size of the suppliers.

ii) The products in the industry are standardized or are undifferentiated.
iii) The cost of switching is comparatively low.

SWOT ANALYSIS

Strengths

i) Strong brand image– Being in business for many years has created a distinct brand image of reliability and affordability in the minds of the customers. This has proven to be an advantage as Hero is hence a recognized and sought-after brand.
ii) Wide Variety of Products– The more products a company launches successfully, the more popular it becomes. Hero Motocorp, therefore, dominates the market, targeting different types of customers.

Weaknesses

i) Strong Competition– There are lots of national and international players in the market who give tough competition to Hero Motocorp.
ii) Lack of Innovation– Most of the products of the company come with almost similar features, whether it is in terms of design or functions.

Opportunities

i) Growing Industry– The demand for two-wheelers is increasing a lot, especially during the pandemic, and that brings the opportunity for the company to grow.
ii) Expansion of product line- The company can introduce a new product category of bikes targeting the premium segment.

Threats

i) Strong Competition– There are tons of other companies which are emerging rapidly.
ii) Betterment of Public Transport– As other modes of transportation have undergone and are currently undergoing development, the use of private vehicles could be threatened.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	14.45	16.39	9.25	9.95	7.51
Reserves and surplus	14.52	16.46	9.28	9.98	7.53
Current liabilities	18.59	5.65	(-4.95)	(-6.63)	56.00
Investments	28.57	27.77	(-20.69)	37.76	27.69
Sundry debtors & Bills Receivable	21.75	(-2.67)	85.61	(-43.18)	51.37
Current Asset	8.62	11.82	52.45	(-27.46)	32.27

As we can see that, the profit margin of the company has been fluctuating over the years. In the year 2017, the Shareholder's funds was 14.45% which increased by 1.94% in the year 2018 to 16.39%. It again decreased by 7.14% in the year 2019 to 9.25%. In the year 2020, it slightly increased 0.7% to 9.95%. Although in the year 2021, it decreased by 2.44% to 7.51%. Comparatively, the Reserves and Surplus also been fluctuating over the years. In the year 2017, they were 14.52% which increased by 1.94% to 16.46% in 2018. Subsequently, it again decreased by 7.18% to 9.28% in 2019 and slightly increased by 0.7% to 9.98% in 2020. But it saw a decrease of 2.45% to 7.53% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder's Funds. Investments by the company have been consistent over the years except for 2019. It was 28.57% in 2017 which slightly decreased to 27.77% in 2018. It further decreased to -20.69% in 2019 and in 2020 it again increased to 37.76%. It decreased to 27.69% in the year 2021. Sundry debtors and Bills Receivable was 21.75% in 2017 which decreased drastically to -2.67% in 2018 which means that the debtors of the company have decreased. Although it increased to 85.61% in 2019 and further decreased to (-43.18%) in 2020. But in 2021 it again increased to 51.37%.

Ratio Analysis:

Leverage Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.00:1	0.00:1	0.00:1	0.011:1	0.01:1

Debt to Equity Ratio is less than 1 that means the assets are more funded by the equity. But the ratio is less than 0.1 throughout the years which means that the company is not fully utilising the cheaper source of finance i.e. debt. It is 0.00 in 2017, 2018 and 2019. It increased slightly to 0.011 in 2020 and 0.01 in 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	1.821:1	2.037:1	1.965:1	2.085:1	1.793:1
Quick Ratio	1.66:1	1.85:1	1.70:1	1.81:1	1.55:1

As we can see from the balance sheet, Current Assets are greater than Current Liabilities for the year 2018 and 2019. But the Current Ratio has been always greater than 1 throughout the years. It has been around 2 on an average which means the company's current assets are twice as large as its liabilities. Quick ratio of the company has also been consistent and more than 1 over the years. It was 1.66 in 2017, 1.85 in 2018, 1.70 in 2019, 1.81 in 2020 and 1.55 in 2021. The company has always used its current assets to completely cover its current liabilities.

Turnover Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	21.88	21.44	17.76	13.94	12.23
Debtors Turnover Ratio	20.03	20.91	15.50	13.03	15.28
Creditors Turnover Ratio	7.01	7.20	7.54	6.74	5.69

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. It has gradually decreased over the years. So the inventory was used 21.88 times in 2017, 21.44 times in 2018, 17.76 times in 2019, 13.94 times in 2020, 12.23 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. It was 20.03 in the year 2017, 20.91 in 2018, 15.50 in 2019, 13.03 in 2020 and 15.28 in 2021. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years as well. It was 7.01 in 2017, 7.20 in 2018, 7.54 in 2019, 6.74 in 2020 and 5.69 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	11.28	11.31	10.02	12.39	9.63
Operating Profit Margin	16.06	16.24	14.95	13.48	12.73

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 11.28 in 2017, 11.31 in 2018, 10.02 in 2019, 12.39 in 2020 and 9.63 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 16.06 in 2017, 16.24 in 2018, 14.95 in 2019, 13.48 in 2020 and 12.73 in 2021.

DR REDDY'S LABORATORIES LTD.

PESTLE ANALYSIS

POLITICAL FACTORS

Due to the nature of the industry the company need to work in an environment where there is political stability. The rules and regulations regarding in innovations and tests for those newly invented medicines are very strict and should undergo many processes for approvals. The company should also keep the policies made by government for innovations and the nation should be receptive for the invention. The trade policies between nations also impact on the global supply chains of the company.

Economic Factors:

Due to pandemic, and other fiscal policies, the economy of the country has ups and downs. The credit also decreased and banks also facing deficit fund. The economic activity of the nations has huge impact on the company. These days people are spending more conscious on health and spending more on health. The economic activity also raised and most of the nations also increased their expenditure on health which is a good trend for the industry.

Social Factors:

Society & behaviour of people affects how the business of Dr Reddys grows. At present due to increase of importance of education and moving trend towards the entrepreneurship has a greater impact on this industry. People who are keener to innovations are increasing from the last decades and the company deals with those minds. The policies made by the government for the development of the skills which enhance for the mindset to invent new is a key factor for the industry. The change in lifestyle and need of new medications for the change make the company to innovate new medicines.

Technological Factors:

Dr Reddys is a research-based company which innovates new formulas and invent new generics. For this, advanced mechanics should be used. They should constantly improve their process of manufacturing and the new technology will aid for their research-based programs. The improvement in global supply chains, there is a need for improve the efficiency for the futuristic process.

Legal Factors:

Dr Reddys invent new generics and medicines. So, it is important to ensure that these are passed every quality test of medicine administration. The legal practices followed by the company should be according to the laws of the nation where it operates. It should follow the international laws where it has to operate internationally and it also has gotten permissions for the enhancement of their global supply chain. The company should also follow the laws to establish its manufacturing units in different countries.

Environmental Factors:

For the manufacturing medicines and for the research process, there will be lot of usage of the no renewable energy. As there is a lot of concern on the climate change and to reduce the carbon foot print the company has to follow the sustainable practices. Dr Reddys announced to reduce its carbon foot print by manufacturing using renewable energy resources. It also should decrease its waste. It also should make its global stakeholders to practise sustainable practices which aids for the company good will.

POTER'S FIVE FORCES

Competitive rivalry

The Rivalry among existing firms shows the number of competitors that give tough competition to the Dr Reddy s Laboratories. Profitability in such industries is low as firms adopt aggressive targeting and pricing strategies against each other. The company will face intense Rivalry among existing firms if market players are strategically diverse and target the same market. The rivalry will also be intense if customers are not loyal with existing brands and it is easier to attract others' customers due to low switching costs.

Threats of new entrants

Threat of new entrants reflects how new market players impose threats to the existing market players. If the industry will be profitable and barriers to enter the industry will be low, it will attract more players and hence, the threat of new entrants will be high.

Here are some factors that reduce the threat of new entrants for Dr Reddy's Laboratories:

i) Entry in the industry requires substantial capital and resource investment. This force also loses the strength if product differentiation is high and customers place high importance to the unique experience.
ii) New entrants will be discouraged if access to the distribution channels is restricted.

Dr Reddy's Laboratories will be facing high new entrants threat if:

i) Existing regulations support the entry of new players.
ii) Consumers can easily switch the brands due to weak/no brand loyalty.

Threats of substitute

The availability of substitute products or services makes the competitive environment challenging for Dr Reddy s Laboratories A and other existing players. High substitute threat shows that customers can use alternative products/services from other industries to meet their needs.

The Threat of Substitute Products or services increases when:

i) A cheaper substitute product/service is available from another industry

ii) The psychological switching costs of moving from industry to substitute products are low.

Bargaining Power of Suppliers

Bargaining power of suppliers will be high for Dr Reddy s Laboratories if:

i) Suppliers have concentrated into a specific region, and their concentration is higher than their buyers.
ii) This force is particularly strong when the cost to switch from one supplier to other is high for buyers.
iii) When suppliers are few and demand for their offered product is high, it strengthens the suppliers' position against Dr Reddy s Laboratories.

The bargaining power of suppliers will be low for Dr Reddy s Laboratories if:

i) Suppliers are not concentrated
ii) Switching costs are low
iii) Product lacks differentiation
iv) Substitute products are available

Bargaining Power of Buyers

There are some factors that increase the bargaining power of buyers:

i) A more concentrated customer base increases their bargaining power against Dr Reddy s Laboratories.
ii) Buyer power will also be high if there are few in number whereas a number of sellers (business organisations) are too many.
iii) Low switching costs (economic and psychological) also increase the buyers' bargaining power.

Some factors that decrease the bargaining power of buyers include lower customer concentration (means the customer base is geographically dispersed), customers' inability to integrate backwards, low price sensitivity, lower market knowledge, high switching costs and purchasing customised products in small volumes.

SWOT ANALYSIS

Strengths

i) Strong distribution network – Over the years Dr. Reddy's Laboratories Limited has built a reliable distribution network that can reach majority of its potential market.
ii) High level of customer satisfaction – the company with its dedicated customer relationship management department has able to achieve a high level of customer satisfaction among present customers and good brand equity among the potential customers.
iii) Good Returns on Capital Expenditure – Dr. Reddy's Laboratories Limited is relatively successful at execution of new projects and generated good returns on capital expenditure by building new revenue streams.

Weaknesses

i) Days inventory is high compare to the competitors – making the company raise more capital to invest in the channel. This can impact the long term growth of Dr. Reddy's Laboratories Limited
ii) Not highly successful at integrating firms with different work culture. As mentioned earlier even though Dr. Reddy's Laboratories Limited is successful at integrating small companies it has its share of failure to merge firms that have different work culture.
iii) Limited success outside core business – Even though Dr. Reddy's Laboratories Limited is one of the leading organizations in its industry it has faced challenges in moving to other product segments with its present culture.

Opportunities

i) Opening up of new markets because of government agreement – the adoption of new technology standard and government free trade agreement has provided Dr. Reddy's Laboratories Limited an opportunity to enter a new emerging market.
ii) The new technology provides an opportunity to Dr. Reddy's Laboratories Limited to practices differentiated pricing strategy in the new market. It will enable the firm to maintain its loyal customers with great service and lure new customers through other value oriented propositions.
iii) New trends in the consumer behavior can open up new market for the Dr. Reddy's Laboratories Limited . It provides a great opportunity for the organization to build new revenue streams and diversify into new product categories too.

Threats

Rising raw material can pose a threat to the Dr. Reddy's Laboratories Limited profitability. New technologies developed by the competitor or market disruptor could be a serious threat to the industry in medium to long term future. Changing consumer buying behavior from online channel could be a threat to the existing physical infrastructure driven supply chain model.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	(-3.96)	1.79	7.42	19.77	11.79
Reserves and surplus	(-3.96)	1.80	7.47	19.90	11.85
Current liabilities	2.40	12.20	(-3.98)	24.75	5.15
Investments	(-38.89)	17.23	8.17	39.46	(-9.04)
Sundry debtors & Bills Receivable	13.79	(-4.64)	(-11.65)	29.05	(-14.97)
Current Asset	5.82	0.78	(-7.36)	19.50	14.66

As we can see that, the profit margin of the company has seen a gradual increase over a year except 2021. In the year 2017, the Shareholder's funds was -3.96% which increased by 5.75% in the year 2018 to 1.79%. It again increased by 5.63% in the year 2019 to 7.42%. In the year 2020, it increased again by 12.35% to 19.77%. Although in the year 2021, it slightly decreased by 7.98% to 11.79%. Comparatively, the Reserves and Surplus also seen an increase over the years except for 2021. In the year 2017, they were -3.96% which increased by 5.76% to 1.80% in 2018. It again increased by 5.67% to 7.47% in 2019 and increased again by 12.43% to 19.90% in 2020. But it saw a decrease of 8.05% to 11.85% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder's Funds. Investments by the company have been fluctuating over the years. It was (-38.89%) in 2017 which increased to 17.23% in 2018. It decreased again to 8.17% in 2019 and in 2020 it again increased to 39.46%. It decreased to -9.04% in the year 2021. Sundry debtors and Bills Receivable was 13.79% in 2017 which decreased to -4.64% in 2018 which means that the debtors of the company have decreased. It further decreased to -11.65% in 2019 but increased drastically to 29.05 in 2020. But in 2021 it again decreased to -14.97%.

Ratio Analysis:

Leverage Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.20:1	0.219:1	0.07:1	0.07:1	0.071:1

Debt to Equity Ratio is less than 1 that means the assets are more funded by the equity. But the ratio is less than 0.1 for the years 2019, 2020 and 2021 which means that the company is not fully utilising the cheaper source of finance i.e. debt for these years. It is 0.20 in 2017, 0.219 in 2018, 0.07 in 2019 and 2020 and 0.071 in 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	2.01:1	1.91:1	2.90:1	2.41:1	2.4:1
Quick Ratio	1.59:1	1.52:1	2.24:1	1.89:1	1.78:1

As we can see from the balance sheet, Current Assets and Current Liabilities have been fluctuating over the years. But the Current Ratio has been always greater than 1 throughout the years. It has been mostly greater than 2 which means the company's current assets are twice as large as its liabilities. Quick ratio of the company has also been consistent and more than 1 over the years. It was 1.59 in 2017, 1.52 in 2018, 2.24 in 2019, 1.89 in 2020 and 1.78 in 2021. This means that the company has always used its current assets to completely cover its current liabilities.

Turnover Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	1.92	2.06	2.06	2.09	1.95
Debtors Turnover Ratio	2.34	2.17	2.67	2.76	2.99
Creditors Turnover Ratio	5.11	4.85	4.44	5.10	5.35

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. It has been consistent over the years. So the inventory was used 1.92 times in 2017, 2.06 times in 2018 and in 2019, 2.09 times in 2020 and 1.95 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. It was 2.34 in the year 2017, 2.17 in 2018, 2.67 in 2019, 2.76 in 2020 and 2.99 in 2021. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years as well. It was 5.11 in 2017, 4.85 in 2018, 4.44 in 2019, 5.10 in 2020 and 5.35 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	8.55	6.38	12.33	11.24	9.99
Operating Profit Margin	11.39	10.00	15.41	11.00	15.39

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 8.55 in 2017, 6.38 in 2018, 12.33 in 2019, 11.24 in 2020 and 9.99 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 11.39 in 2017, 10.00 in 2018, 15.41 in 2019, 11.00 in 2020 and 15.39 in 2021.

CIPLA LTD

PESTLE ANALYSIS

Political Factors

i) Size of Government Budgets – both Local Governments and National Government – The government at both national level and local levels are running deficit budgets which is boosting growth in the short term but may lead to increase in inflation over medium term. The bond rating of national government is investment grade.

ii) International Trade & Other Treaties – The country has a good record of adhering to international treaties it has done with various global partners. The government of each party has adhered to the treaties done by previous governments, so there is a consistency in both rule of law and regulations.

iii) Role Local Governments Play – Local governments are highly influential in the policy making process and implementation as most of the policies and regulations are implemented by the local government as enforcement agencies mostly report to local government in their own states regarding various laws.

Economic factors

Economic factors include economic growth, interest rates, exchange rates and inflation. These factors have a big impact on how businesses operate and make decisions. For example, the excise duty, customs duty, service tax, Professional tax and a host of other levies and taxes payable. On an average amount of not less than 40-45% of the costs. India is a regime of high interest rates; therefore, the cost of funds is twice that in the United States. The rapid growth of disposable income of urban residents and rural areas, paved the way for further spending on the medical market. The per capita income of an average Indian is low.

Social factors

Social factors, including cultural aspects and health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. Trends in social factors affect the demand for a company's product and works as a pharmaceutical company. This also depends on the way how people are living in modern era because of change in people life style and mind. For example, smoking, tobacco, alcohol, and poor oral hygiene is adding to the problem of health. Moreover, in India, poor sanitation and contaminated water sources prematurely end the lives of nearly 1 million children under five every year. But today the new generation with higher education becomes more and more consumers nucleus, and recently India relaxes the one-child policy, which can form the huge potential market in the future two to three years.

Technological Factors

Technology mainly refers to national science and technology system; Technological factors include technological aspects such as R & D activity, automation, technology incentives and the rate of technological change. They can determine barriers, minimum efficient production level and influence outsourcing decisions. In addition, technological changes can affect the cost, quality, and lead to innovation. In India, infrastructure improves a lot in recent years, such as traffic system, network syste fundamental manufacturing and operating structure, which can reduce companies' operating cost and increase their productivity. Moreover, India positively launches research and development projects in pharmaceutical field coordinating with some academic industry.

Environmental Factors

Environmental factors include ecological and environmental aspects such as weather, climate and climate change, which may especially affect industries such as tourism, agriculture and insurance and all that kind of look like a large influence on the production of medicine and the price, which for many pharmaceutical companies represent a serious threat to the survival and development.

POTER'S FIVE FORCES

Competitive rivalry

Existing two pharmaceutical company's belongs to the pharmaceutical industry may produce some productions that are substitute of others. Competition on substitute can have an influence on company's competitive strategy. If one product has lower price and higher quality even more effective, it most likely becomes substitute of similar product in this industry compared with another one, in this market, there are certain kinds of substitute of Cipla's product like those products manufactured by small company. Because their operating cost is relatively small compared with Cipla, these products have more price competitive advantages if customer's mind is prone to price element not the higher quality; But most customers in market are prefer drugs' quality and effective, Cipla's products got sufficient funds as its backbone, so its products with higher quality and more effective, it counts for why it is relatively hard be replaced by other products.

Threats of new entrants

In the pharmaceutical industry, for most pharmaceutical companies, their interests are closely related. Every company has their own strategy; its goal is to make themselves have more advantage than competitors. So, it is the inevitable result, in process of the implementation will cause the phenomenon of conflict and confrontation, which brings the existing competition among enterprises. Such as, Sun pharma has already started to attempt to monopolize the industry depending on continuous development of products. In these circumstances, Cipla also encounter some strong competition from these various companies, especially in the field of obtaining patency for the products, marketing its products and increasing the market share.

Threats of substitute

When new entrants in the pharmaceutical industry have brought new production capacity and new raw material, they want to get a certain market share in saturated pharmaceutical markets, which will cause the competition with the existing pharmaceutical companies in the items of raw materials and market share. But it has to say that the threat of new entrants is low. A new pharmaceutical company's establishment needs a lot of investment. They also need to do many researches to understand the market. The most important thing is that they have the hit product to absorb their customers. And the innovation of new products also exist a huge risk.

Bargaining Power of Suppliers

The supplier influence the profitability and product competitiveness of the existing pharmaceutical companies mainly by the ability of increasing the price inputted and reducing the unit value of quality. The strength of the material supply power is decided by the product of the drug firms. When the pharmaceutical raw materials provided by the supplier occupy a larger proportion in the product engaged by the buyer, or the raw materials is necessary, the potential bargaining power will greatly enhanced. For Cipla, many suppliers have registered in its portal to do business with Cipla, which actually make a sense of competitiveness within the suppliers and Cipla do not need to suffer a very high cost. So it is hard for the suppliers to increase their price.

Bargaining Power of Buyers

The bargaining power of customers is also described as the market of products: the capacity of customers to put the firm under pressure, which also affects the sensitivity of customers to price changes. Companies can take steps to reduce the power of buyers, such as the implementation of a loyalty program. The purchasing power is higher if the buyer has many alternatives, such as hospitals and other healthcare organizations to buy in bulk and put on pharmaceutical companies to keep prices under control and regular patients have lost bargaining power due to increases in prices of generic drugs. Cipla come under the top 10 pharmaceutical company in the world, and the price of most of its products is fixed, decided by company but under different country's drug price policy. What is more, the customer of Cipla is scattered, under the condition that customer core is not centralized; their bargaining power will be diluted. Moreover, most of its products are patented, so customer has less choice, so the bargaining is small against company.

SWOT ANALYSIS

Strengths

Cipla comes under top 10 pharmaceutical company in the world. So that's why Cipla has a well known and trusted campaign in pharmaceutical industry, in other words, Cipla has a good reputation, which can make a positive effect on its sales volume and potential market. On the other hand, technology is extremely critical for company, it can enhance technology level and diversify the products, and even reduce company's cost and increase productivity.

Weaknesses

This company has lots of disputes on some products like Taxotere, this kind of product can do harm immune system because this medicine is used for breast cancer, lung cancer, stomach cancer etcetera and, increasing the risk of diarrhea or vomiting, high fever ,chills, body aches and more on. And at that time, Cipla give the victims compensation up to INR 2.30 billion, which has an adversary effect on its reputation. And these kinds of events greatly discourage investors, reducing the investment confidence, which may highly affect company's revenue.

Opportunities

Cipla's opportunity mainly comes from three aspects, firstly, now in the developing countries like India, as an emerging market, company should have to capture and then dominate this market, only if doing like this, can a company have competitive position. If you want to capture a market ahead of other pharmaceutical company, Cipla should be the leader and pioneer by releasing products ahead of others. Because Cipla has strong research and development as a backbone and increased investment in the budding markets, to push expansion in the global economy. Secondly, Cipla always do philanthropy like domination, which can enhance confidence of shareholders and investors, it may increase company's potential profit.

Threats

On the one hand, regulations and actions and even the policy can increase the threats in the terms of credibility as it has been happening in the past decades. CIPLA faces some problems such as the patent of its some products is going to expire, and if no further impressive actions and measures be adopted, CIPLA may suffer greater loss because of government's stipulations and regulations. Moreover, Constant price rises in the Indian country is taking its toll and compounding the problem. The Indian Rupee depreciated as compared to the US Dollar and at last fluctuations in currency exchange rates have a noteworthy impact on the Company's operations and financial results.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	6.80	10.26	11.82	10.27	14.50
Reserves and surplus	6.89	10.39	11.96	10.38	14.64
Current liabilities	25.12	9.67	(-12.56)	9.49	-0.016
Investments	0.71	8.19	26.73	24.49	34.62
Sundry debtors & Bills Receivable	2.23	20.50	35.63	12.36	(-14.74)
Current Asset	(-3.71)	20.76	8.42	9.73	(-0.02)

As we can see that, the profit margin of the company has seen a gradual increase over a year. In the year 2017, the Shareholder’s funds was 6.80% which increased by 3.46% in the year 2018 to 10.26%. It again increased by 1.56% in the year 2019 to 11.82%. Although in the year 2020, it decreased slightly by 1.55% to 10.27%. Although in the year 2021, it increased again by 4.23% to 14.50%. Comparatively, the Reserves and Surplus also seen an increase over the years. In the year 2017, they were 6.89% which increased by 3.5% to 10.39% in 2018. It again increased by 1.57% to 11.96%. But in 2019 it decreased slightly by 1.58% to 10.38% in 2020. But it saw an increase of 4.26% to 14.64% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder’s Funds. Investments by the company have seen an increase over the years. It was 0.71% in 2017 which increased to 8.19% in 2018. It increased again to 26.73% in 2019 but in 2020 it slightly decreased to 24.49%. However it increased to 34.62% in the year 2021. Sundry debtors and Bills Receivable was 2.23% in 2017 which increased to 20.50% in 2018 which means that the debtors of the company have increased. It further increased to 35.63% in 2019 but decreased to 12.36% in 2020. In 2021 it again decreased to -14.74%.

Ratio Analysis:

Leverage Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.025:1	0.012:1	0.00:1	0.00:1	0.00:1

Debt to Equity Ratio is less than 1 that means the assets are more funded by the equity. But the ratio is less than 0.1 throughout the years which means that the company is not fully utilising the cheaper source of finance i.e. debt. It is 0.025 in 2017, 0.012 in 2018 and 0.00 in 2019, 2020 and 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	2.48:1	2.90:1	4.00:1	3.45:1	3.79:1
Quick Ratio	1.44:1	1.79:1	2.79:1	2.29:1	2.64:1

As we can see from the balance sheet, Current Assets and Current Liabilities have been fluctuating over the years. But the Current Ratio has been always greater than 1 throughout the years. It has always been greater than 2 which means the company's current assets are twice as large as its liabilities. Quick ratio of the company has seen an increase over the years and more than 2 over the years. It was 2.48 in 2017, 2.90 in 2018, 4.00 in 2019, 3.45 in 2020 and 3.79 in 2021. This means that the company has always used its current assets to completely cover its current liabilities.

Turnover Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	1.69	1.62	1.72	1.69	1.75
Debtors Turnover Ratio	5.72	5.35	4.49	3.76	4.22
Creditors Turnover Ratio	4.99	4.18	4.01	4.02	4.27

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. It has been consistent over the years. So the inventory was used 1.69 times in 2017, 1.62 times in 2018 and 1.72 times in 2019, 1.69 times in 2020 and 1.75 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. It was 5.72 in the year 2017, 5.35 in 2018, 4.49 in 2019, 3.76 in 2020 and 4.22 in 2021. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years as well. It was 4.99 in 2017, 4.18 in 2018, 4.01 in 2019, 4.02 in 2020 and 4.27 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	7.24	9.36	9.22	9.02	12.53
Operating Profit Margin	9.59	12.28	13.73	13.86	18.01

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 7.24 in 2017, 9.36 in 2018, 9.22 in 2019, 9.02 in 2020 and 12.53 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 9.59 in 2017, 12.28 in 2018, 13.73 in 2019, 13.86 in 2020 and 18.01 in 2021.

PFIZER LTD

PESTLE ANALYSIS

POLITICAL FACTORS

The political factors that may impact the profitability or chances of survival of the company are quite diverse. The political risks vary from sudden changes in existing political regimes to civil unrest to major decisions taken by the government. The following are the political factors:

i) The laws that the country enforces, especially with regards to business, such as contract law, as they dictate what is and is not allowed to do.
ii) The trade barriers that the host country has would protect; however, trade barriers that countries with potential trade partners would harm companies by preventing potential exports.
iii) A high level of taxation would demotivate companies like from maximizing their profits.
iv) A low minimum wage would mean higher profits and, thus, higher chances of survival for.

ECONOMIC FACTORS

The economic factors that may be sensitive to, and in turn should consider before investing may include the following:

i) The economic system that is currently operational in the sector in question- whether it is a monopoly, an oligopoly, or something similar to a perfect competition economic system.
ii) The rate of GDP growth in the country will affect how fast is expected to grow in the near future.
iii) The interest rates in the country would affect how much individuals are willing to borrow and invest. Higher rates would result in greater investments that would mean more growth for
iv) However efficiently the financial markets operate also impact how well can raise capital at a fair price, keeping in mind the demand and supply.

SOCIAL FACTORS

The social factors that affect and should be included in the social aspect of the PESTEL analysis include the following:

i) The demographics of the population, meaning their respective ages and genders, vastly impact whether or not a certain product may be marketed to them. Makeup is mostly catered to women, so targeting a majority male population would be less population than targeting a population that is mostly female.
ii) The class distribution among the population is of paramount importance: would be unable to promote a premium product to the general public if the majority of the population was a lower class; rather, they would have to rely on very niche marketing.

iii) To some extent, the differences in educational background between the marketers and the target market may make it difficult to relate to and draw in the target market effectively.

TECHNOLOGICAL FACTORS

The technological factors that may influence may include the following:

i) The recent technological developments and breakthroughs made by competitors, as mentioned above. If encounters a new technology that is gaining popularity in the industry in question, it is important to monitor the level of popularity and how quickly it is growing and disrupting its competitors' revenues. This would translate to the level of urgency required to adequately respond to the innovation, either by matching the technology or finding an innovative alternative.
ii) How easy, and thus quickly, will the technology be diffused to other firms in the industry, leading to other firms copying the technological processes/ features of
iii) How much an improvement of technology would improve/ transform what the product initially offers. If this improvement is drastic, then other firms in the industry suffer more heavily.

ENVIRONMENTAL FACTORS

The environmental factors that may significantly impact include:

i) The current weather conditions may significantly impact the ability of to manage the transportation of both the resources and the finished product. This, in turn, would affect the delivery dates of the final product in the case of, say, an unexpected monsoon.
ii) Climate change would also render some products useless. For example, in the case of textiles, in countries where the winter has become very mild due to Global Warming, warm winter clothes have much less of a market.

LEGAL FACTORS

The legal factors that deserve consideration include the following:

i) Intellectual property laws and other data protection laws are, as mentioned earlier, in place to protect the ideas and patents of companies who are only profiting because of that information. If there is a likelihood that the data is stolen, then will lose its competitive edge and have a high chance of failure.
ii) Discrimination laws are placed by the government to protect the employees and ensure that everyone in is treated fairly and given the same opportunities, regardless of gender, age, disability, ethnicity, religion or sexual orientation.
iii) Health and safety laws were created after witnessing the horrible conditions that employees were forced to work in during and directly after the industrial revolution. Implementing the proper regulations may be expensive, but has to engage in it, not only due to the law but also out of's personal feeling of ethical and social responsibility to other human beings.

PORTER'S FIVE FORCES

Threat of New Entrants

i) The economies of scale is fairly difficult to achieve in the industry in which Pfizer operates. This makes it easier for those producing large capacitates to have a cost advantage. It also makes production costlier for new entrants. This makes the threats of new entrants a weaker force.
ii) The access to distribution networks is easy for new entrants, which can easily set up their distribution channels and come into the business. With only a few retail outlets selling the product type, it is easy for any new entrant to get its product on the shelves. All of these factors make the threat of new entrants a strong force within this industry.

Bargaining Power of Suppliers

i) The number of suppliers in the industry in which Pfizer operates is a lot compared to the buyers. This means that the suppliers have less control over prices and this makes the bargaining power of suppliers a weak force.
ii) The suppliers do not contend with other products within this industry. This means that there are no other substitutes for the product other than the ones that the suppliers provide. This makes the bargaining power of suppliers a stronger force within the industry.

Bargaining Power of Buyers

i) The number of suppliers in the industry in which Pfizer operates is a lot more than the number of firms producing the products. This means that the buyers have a few firms to choose from, and therefore, do not have much control over prices. This makes the bargaining power of buyers a weaker force within the industry.
ii) The product differentiation within the industry is high, which means that the buyers are not able to find alternative firms producing a particular product. This difficulty in switching makes the bargaining power of buyers a weaker force within the industry.

Threat of Substitute Products or Services

i) There are very few substitutes available for the products that are produced in the industry in which Pfizer operates. The very few substitutes that are available are also produced by low profit earning industries. This means that there is no ceiling on the maximum profit that firms can earn in the industry in which Pfizer operates. All of these factors make the threat of substitute products a weaker force within the industry.
ii) The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which Pfizer operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. This means that the threat of substitute products is weak within the industry.

Rivalry among Existing Firms

i) The number of competitors in the industry in which Pfizer operates are very few. Most of these are also large in size. This means that firms in the industry will not make moves without being unnoticed. This makes the rivalry among existing firms a weaker force within the industry.

ii) The very few competitors have a large market share. This means that these will engage in competitive actions to gain position and become market leaders. This makes the rivalry among existing firms a stronger force within the industry.

SWOT ANALYSIS

Strengths

i) Pfizer's operating divisions are Specialty Care, Primary Care, Emerging Markets, Oncology, Established Products, Nutrition, Consumer Healthcare, Capsugel, and Animal Health.
ii) Pfizer is among the oldest pharmaceutical companies in the industry, it has developed a deep knowledge base in its markets.
iii) Pfizer has a long historical tradition of manufacturing and distributing drugs for healthcare. Pfizer has one of the largest distribution channels among pharmaceutical companies.

Weaknesses

i) Compared to its competitors Pfizer spending less in Research and Development. It can make Pfizer weaker as the Research & Development is the heart of a pharmaceutical company.
ii) Not compromising on pricing is the main weakness of Pfizer.

Opportunities

i) Pfizer Products are high in demand across developed countries. People are becoming more health-conscious. This could boost healthcare sector sales.
ii) Strategic alliance with other firms would create space for further business in developing countries where local pharmaceutical businesses are the key competitors.

Threats

i) The economic slowdown in the world can be a major threat. Government Regulation can also be a major threat.
ii) In the healthcare market, there is intensive government regulation. So perhaps Pfizer is creating a new product, but in the region, a government regulatory board does not want to approve that product.
iii) In developing countries, an economic recession can happen and there can be a decrease in sales.
iv) Substitute products at a cheaper price can result in a decline in sales.

Comparative Analysis

Balance Sheet:

Particular (%)	*Year 2017*	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Shareholders' funds	11.80	10.93	12.23	12.76	(-29.52)
Reserves and surplus	12.06	11.14	12.44	12.95	(-29.92)
Current liabilities	21.17	26.78	(-8.50)	5.07	(-15.89)
Investments	(-3.83)	(-3.96)	(-4.12)	(-4.27)	(-4.49)
Sundry debtors & Bills Receivable	(-22.47)	40.32	10.89	0.22	(-24.61)
Current Asset	26.20	18.42	13.53	11.62	(-37.49)

As we can see that, the profit margin of the company has seen fluctuations over the years. In the year 2017, the Shareholder's funds was 11.80% which decreased by 0.87% in the year 2018 to 10.93%. It again increased by 1.3% in the year 2019 to 12.23%. In the year 2020, it increased again by 0.53% to 12.76%. Although in the year 2021, it drastically decreased by 41.75% to -29.52%. Comparatively, the Reserves and Surplus also seen fluctuation over the years. In the year 2017, they were 12.06% which decreased by 0.92% to 11.14% in 2018. It again increased by 1.3% to 12.44%. In 2019 it increased slightly by 0.51% to 12.95% in 2020. But it saw a drastic decrease of 42.87% to -29.92% in the year 2021. So basically any increase or decrease in Reserves and Surplus would affect the Shareholder's Funds. Investments by the company have seen a gradual decrease over the years. It was -3.83% in 2017 which decreased to -3.96% in 2018. It decreased further to -4.12% in 2019 and in 2020 it decreased to -4.27%. It decreased to -4.49% in the year 2021. Sundry debtors and Bills Receivable was -22.47% in 2017 which increased to 40.32% in 2018 which means that the debtors of the company have increased. It decreased to 10.89% in 2019 but decreased to 0.22% in 2020. In 2021 it again decreased to -24.61%.

Ratio Analysis:

Leverage Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Debt to Equity Ratio	0.001:1	0.001:1	0.001:1	0.001:1	0.001:1

Debt to Equity Ratio is less than 1 that means the assets are more funded by the equity. But the ratio is less than 0.1 throughout the years which means that the company is not fully utilising the cheaper source of finance i.e. debt. It was 0.001 in 2017, in 2018, in 2019, in 2020 and 2021.

Liquidity Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Current Ratio	2.61:1	2.52:1	3.03:1	3.45:1	2.44:1
Quick Ratio	2.19:1	2.21:1	2.59:1	2.96:1	1.88:1

As we can see from the balance sheet, Current Assets and Current Liabilities have been fluctuating over the years. But the Current Ratio has been always greater than 1 throughout the years. It has always been greater than 2 which means the company's current assets are twice as large as its liabilities. Quick ratio of the company has been consistent over the years but it has mostly been 2 over the years. It was 2.19

in 2017, 2.21 in 2018, 2.59 in 2019, 2.96 in 2020 and 1.88 in 2021. This means that the company has always used its current assets to completely cover its current liabilities.

Turnover Ratio

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Inventory Turnover Ratio	3.71	3.77	3.50	3.08	2.85
Debtors Turnover Ratio	15.56	14.85	12.75	12.52	14.84
Creditors Turnover Ratio	2.95	2.08	2.27	2.41	2.72

Inventory Turnover Ratio is the measure of the number of times inventory is sold or used in a year. It has been consistent over the years. So the inventory was used 3.71 times in 2017, 3.77 times in 2018 and 3.50 times in 2019, 3.08 times in 2020 and 2.85 times in 2021. Debtors Turnover Ratio is an accounting measure of how effective a company is in extending credits as well as collecting debts. It was 15.56 in the year 2017, 14.85 in 2018, 12.75 in 2019, 12.52 in 2020 and 14.84 in 2021. Creditors Turnover Ratio is a measure of how often a company pays off its debts to suppliers within a given accounting period. This ratio has been consistent over the years as well. It was 2.95 in 2017, 2.08 in 2018, 2.27 in 2019, 2.41 in 2020 and 2.72 in 2021.

Profitability Margin

	Year 2017	*Year 2018*	*Year 2019*	*Year 2020*	*Year 2021*
Net Profit Margin	17.12	18.29	20.61	23.66	22.22
Operating Profit Margin	19.70	27.85	31.76	30.36	30.54

Net Profit Margin measures how much net income or profit is generated as a percentage of revenue. It was 17.12 in 2017, 18.29 in 2018, 20.61 in 2019, 23.66 in 2020 and 22.22 in 2021. Operating Profit Margin indicates how much profit a company makes after paying for variable cost of production such as wages, raw materials etc. It was 19.70 in 2017, 27.85 in 2018, 31.76 in 2019, 30.36 in 2020 and 30.54 in 2021.

SALES REPORT

Automobile Industry

	2018	2019	2020	2021
Hero Motocorp Ltd.	*322,304.90*	*336,505.40*	*288,360.90*	*308,006.20*
Maruti Suzuki India Ltd.	*797,627.00*	*860,203.00*	*756,106.00*	*703,325.00*
Tata Motors Ltd.	*578,965.30*	*692,027.60*	*438,367.30*	*468,880.30*

As per the Sales Report, the sales of Hero Motocorp Ltd. for the year 2018 was 322,304.90, for 2019 it was 336,505.40, for 2020 it was 288,360.90 and for 2021 it was 308,006.20. The sales of Maruti Suzuki India Ltd. for the year 2018 was 797,627.00, for 2019 it was 860,203.00, for 2020 it was 756,106.00 and for 2021 it was 703,325.00. The sales of Tata Motors Ltd. for the year 2018 was 578,965.30, for 2019 it was 692,027.60, for 2020 it was 438,367.30 and for 2021 it was 468,880.30.

Pharmaceutical Industry

	2018	2019	2020	2021
Cipla Ltd.	*114,448.10*	*123,740.10*	*126,591.50*	*139,005.80*
Dr.Reddy's	*93,593.00*	*106,255.00*	*118,504.00*	*133,491.00*
Pfizer	*19,685.10*	*20,815.00*	*21,516.50*	*22,385.50*

As per the Sales Report, the sales of Cipla Ltd. for the year 2018 was 114,448.10, for 2019 it was 123,740.10, for 2020 it was 126,591.50 and for 2021 it was 139,005.80. The sales of Dr. Reddy’s for the year 2018 was 93,593.00, for 2019 it was 106,255.00, for 2020 it was 118,504.00 and for 2021 it was 133,491.00. The sales of Pfizer for the year 2018 was 19,685.10, for 2019 it was 20,815.00, for 2020 it was 21,516.50 and for 2021 it was 22,385.50.

FINDINGS

Here are the findings as per the data collected from three Automobile companies and three Pharmaceutical companies. The findings provided are of both the sectors individually and then the comparison between the two sectors and the effect of COVID-19 on both industries. The period of 2018-19 is considered as before COVID and 2020-21 is considered as after COVID.

AUTOMOBILE INDUSTRY

Hero MotoCorp Ltd.

Before COVID, in the year 2018 and 2019, the Debt to Equity Ratio of the company was 0. While during COVID, it was 0.011 for the year 2020 and 0.01 for the year 2021.

Current ratio of the company before COVID, in the year 2018 was 2.037 and in 2019 was 1.965. While during COVID, it was 2.085 in 2020 and 1.793 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 1.848 and in 2019 was 1.705. While during COVID, it was 1.81 in 2020 and 1.552 in 2021.

Inventory Turnover of the company before COVID, in the year 2018 was 21.446 and in 2019 was 17.764. While during COVID, it was 13.941 in 2020 and 12.231 in 2021.

Debtors Turnover of the company before COVID, in the year 2018 was 20.915 and in 2019 was 15.501. While during COVID, it was 13.034 in 2020 and 15.286 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 7.202 and in 2019 was 7.546. While during COVID, it was 6.745 in 2020 and 5.699 in 2021.

Maruti Suzuki India Ltd.

Before COVID, in the year 2018 and 2019, the Debt to Equity Ratio of the company was 0.003. While during COVID, it was 0.004 for the year 2020 and 0.01 for the year 2021.

Current ratio of the company before COVID, in the year 2018 was 0.513 and in 2019 was 0.874. While during COVID, it was 0.746 in 2020 and 1.15 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 0.308 and in 2019 was 0.639. While during COVID, it was 0.461 in 2020 and 0.961 in 2021.

Inventory Turnover of the company before COVID, in the year 2018 was 12.919 and in 2019 was 13.847. While during COVID, it was 12.59 in 2020 and 12.578 in 2021.

Debtors Turnover of the company before COVID, in the year 2018 was 59.949 and in 2019 was 45.607. While during COVID, it was 35.288 in 2020 and 43.262 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 6.349 and in 2019 was 6.502. While during COVID, it was 6.922 in 2020 and 6.335 in 2021.

Tata Motors Ltd.

Before COVID, in the year 2018, the Debt to Equity Ratio of the company was 0.806 and in the year 2019, it was 0.791. While during COVID, it was 1.169 for the year 2020 and 1.026 for the year 2021.

Current ratio of the company before COVID, in the year 2018 was 0.609 and in 2019 was 0.57. While during COVID, it was 0.518 in 2020 and 0.596 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 0.375 and in 2019 was 0.366. While during COVID, it was 0.37 in 2020 and 0.422 in 2021.

Inventory Turnover of the company before COVID, in the year 2018 was 5.965 and in 2019 was 7.788. While during COVID, it was 6.402 in 2020 and 6.422 in 2021.

Debtors Turnover of the company before COVID, in the year 2018 was 20.649 and in 2019 was 20.564. While during COVID, it was 16.768 in 2020 and 23.066 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 3.641 and in 2019 was 4.485. While during COVID, it was 3.853 in 2020 and 4.749 in 2021.

As per the findings from the Automobile sector, the Debt to Equity ratio increased during COVID period that is in the year 2020. The Current Ratio of Hero MotoCorp Ltd. increased during COVID period whereas it decreased for Maruti Suzuki India Ltd. and Tata Motors Ltd. The Quick Ratio increased marginally for Hero MotoCorp Ltd. and Tata Motors Ltd. whereas it decreased for Maruti Suzuki India Ltd. Inventory Turnover decreased for all the three companies during the COVID period. Debtors Turnover decreased as well for all the three companies during the COVID period. Creditors Turnover decreased for Hero MotoCorp Ltd. and Tata Motors Ltd. whereas it increased for Maruti Suzuki India Ltd.

PHARMACEUTICAL INDUSTRY

Cipla

Before COVID, in the year 2018, the Debt to Equity Ratio of the company was 0.012 and in the year 2019 it was 0. While during COVID, it was 0 for the year 2020 and 2021.

Current ratio of the company before COVID, in the year 2018 was 2.906 and in 2019 was 4.002. While during COVID, it was 3.445 in 2020 and 3.786 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 1.794 and in 2019 was 2.791. While during COVID, it was 2.292 in 2020 and 2.639 in 2021.

Inventory Turnover of the company before COVID, in the year 2018 was 1.617 and in 2019 was 1.723. While during COVID, it was 1.687 in 2020 and 1.751 in 2021.

Debtors Turnover of the company before COVID, in the year 2018 was 5.354 and in 2019 was 4.496. While during COVID, it was 3.763 in 2020 and 4.215 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 4.184 and in 2019 was 4.007. While during COVID, it was 4.023 in 2020 and 4.267 in 2021.

Dr. Reddy's

Before COVID, in the year 2018, the Debt to Equity Ratio of the company was 0.219 and in 2019 it was 0.07. While during COVID, it was 0.07 for the year 2020 and 0.071 for the year 2021.

Current ratio of the company before COVID, in the year 2018 was 1.915 and in 2019 was 2.901. While during COVID, it was 2.418 in 2020 and 2.4 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 1.522 and in 2019 was 2.246. While during COVID, it was 1.894 in 2020 and 1.782 in 2021.

Inventory Turnover of the company before COVID, in the year 2018 was 2.064 and in 2019 was 2.061. While during COVID, it was 2.09 in 2020 and 1.947 in 2021.

Debtors Turnover of the company before COVID, in the year 2018 was 2.165 and in 2019 was 2.673. While during COVID, it was 2.775 in 2020 and 2.998 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 4.849 and in 2019 was 4.444. While during COVID, it was 5.107 in 2020 and 5.346 in 2021.

Pfizer

Before COVID, in the year 2018 and 2019, the Debt to Equity Ratio of the company was 0.001. While during COVID, it was also 0.001 for the year 2020 and 2021.

Current ratio of the company before COVID, in the year 2018 was 2.518 and in 2019 was 3.03. While during COVID, it was 3.45 in 2020 and 2.44 in 2021.

Quick ratio of the company before COVID, in the year 2018 was 2.207 and in 2019 was 2.596. While during COVID, it was 2.957 in 2020 and 1.878 in 2021.

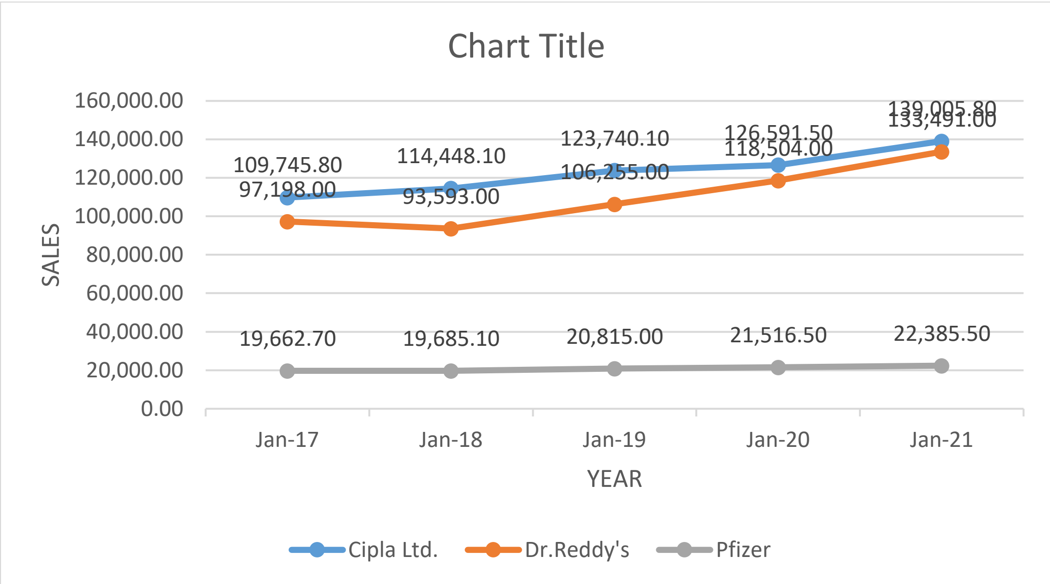
Inventory Turnover of the company before COVID, in the year 2018 was 3.77 and in 2019 was 3.501. While during COVID, it was 3.08 in 2020 and 2.852 in 2021.

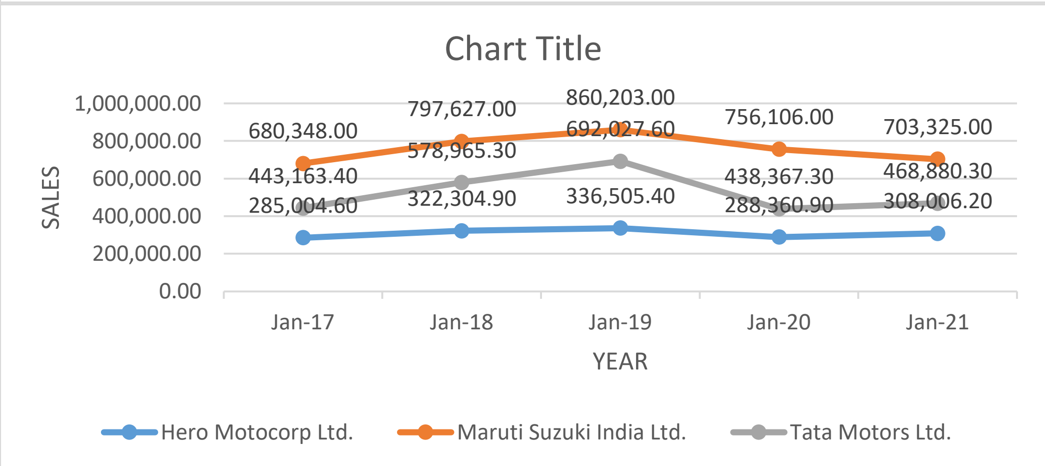
Debtors Turnover of the company before COVID, in the year 2018 was 14.85 and in 2019 was 12.752. While during COVID, it was 12.521 in 2020 and 14.839 in 2021.

Creditors Turnover of the company before COVID, in the year 2018 was 2.081 and in 2019 was 2.278. While during COVID, it was 2.411 in 2020 and 2.723 in 2021.

As per the findings from the Pharmaceutical sector, the Debt to Equity ratio has been consistent for all three companies throughout even during COVID period that is in the year 2020 and there is no significant difference. The Current Ratio of Pfizer increased during COVID period whereas it decreased for Dr. Reddy's and Cipla. The Quick Ratio increased for Pfizer whereas it decreased for Dr. Reddy's and Cipla. Inventory Turnover decreased slightly for Cipla and Pfier whereas it increased slightly for Dr. Reddy's during the COVID period. Debtors Turnover decreased slightly for Cipla and Pfier whereas it increased slightly for Dr. Reddy's during the COVID period. Creditors Turnover increased for all the three companies.

COMPARISON BETWEEN AUTOMOBILE AND PHARMACEUTICAL SECTOR





As we can see from sales reports of both Automobile and Pharmaceutical companies, the sales of Automobile companies decreased in 2020 that is during COVID. Whereas the sales of Pharmaceutical companies increased during the same period.

IMPACT OF COVID-19

AUTOMOBILE INDUSTRY

The pandemic-induced lockdown resulted in the shutting down of production at original equipment manufacturers (OEM). It also led to disruption of the entire value chain of major industries in India, and therefore negatively affected production of auto spare parts in micro, small and medium-sized industries. In addition, the reduction in consumer demand for passenger vehicles contributed to a loss in revenue and a severe liquidity crisis in the sector.

Also, production cuts due to slump in demand negatively impacted employment growth. The sector must continue to strive and increase production and sales, while taking necessary steps to ensure safety of its employees, partners and customers. As social and physical distancing will be the norm for some time, a section of commuters may not use public transportation, and this will lead to higher demand for personal vehicles, especially of two-wheelers and affordable four-wheelers.

PHARMACEUTICAL INDUSTRY

The coronavirus pandemic and its resultant lockdown badly affected all major sectors of the economy, but it has come as a boon in disguise to the Indian pharmaceutical sector. Though some part of pharmaceutical business was affected such as supply chain and import of active pharmaceutical ingredients from China, Covid-19 has provided some opportunities in the pharmaceutical sector, especially India.

In generic market, India is facing high competition from China for the supply of APIs at lower cost. India imports 70 per cent of the API needs from China. This created a lot of hardship to some of the domestic pharmaceutical firms manufacturing certain key APIs. India’s health security was under threat due to heavy dependence on China coupled with shortage in supply of key APIs.

In view of the Covid-19 pandemic situation, the Government of India should take important steps for removing the technical and financial barriers, which will spur the pharmaceutical industry to ramp up API production-thereby reducing the dependency of pharmaceutical industry with China. The Government of India has taken important steps by proposing an incentive package of Rs.13.76 billion for the promotion of domestic manufacturing of critical key starting materials, drug intermediates, APIs and medical devices.

MANAGERIAL IMPLICATIONS

As per the findings, the companies whose Reserves and Surplus has decreased over years should use strategies that would help them in increasing the same. Increasing the Reserves and Surplus would also help the company increase its Shareholder's Funds which is very important for the company to acquire new assets, hiring personnel, paying for marketing and so on.

Companies whose Current Liabilities exceed their Current Assets may employ strategies as well so that the company can pay off its liabilities. Liabilities exceeding Assets means that the company isn't in a good financial health as the company might have high debt, decline in sales. Although the current ratio of some companies says otherwise as it is greater than 1 which means the company can pay off its liabilities but it is not true for all the companies, especially Automobile companies.

Companies whose Debt to Equity Ratio is less than 0.1 need to use the cheaper source of income available which is debt if necessary rather than funding the assets by just equity. Also companies whose Current Ratio has been less than 1 need to develop strategies so that they can increase their assets and decrease their liabilities as current ratio being less than 1 is a clear indication that the company is not able to pay off its short term liabilities.

As we can analyse from the sales report, the companies whose sales have decreased in the recent years can develop strategies to increase them. The more the sales the more profits the company will gain. COVID has had a negative impact on automobile industry in particular. Hence they need to change their strategies or develop new ones so as to improve their sales in the market.

CONCLUSION

We can conclude from all the data and findings that the Automobile Sector was the most affected between the two during the COVID-19 pandemic. The sales of all the automobile companies we have chosen this particular research decreased during the pandemic. Also the profits of the said Automobile companies decreased as well. The pandemic-induced lockdown resulted in the shutting down of production. It also led to disruption of the entire value chain, and therefore negatively affected production in the Automobile industry. In addition, the reduction in consumer demand for passenger vehicles contributed to a loss in revenue and a severe liquidity crisis in the sector. Also, production cuts due to slump in demand negatively impacted employment growth. Although, the industry has slowly started gaining momentum.

On the flip side, the Pharmaceutical sector was mostly benefited from the COVID-19 pandemic. The demand for various pharmaceuticals including hand sanitizers, disinfectants, inhalers, various drugs increased. The sales of all pharmaceutical companies went up thereby increasing their profits. As the demand of the pharmaceuticals increased, the production of the same had to be increased as well which was a problem because one, the demand was too high and two, because of the pandemic the pace of the production and manufacturing slowed down. But apart from that the pandemic had a positive impact on the Pharmaceutical Industry.

So as we can see after comparing both the industries that Automobile Industry has been affected more during period of COVID-19 in the country than that of Pharmaceutical industry.

THANK YOU!!!