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Fundamental analysis of Pharma sector: An Empirical Analysis

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I. Introduction

The pharmaceuticals industry is one of the core industries in India and is optimistic of posting good sates in the coming years. So, the investment in shares and securities of pharmaceutical companies seem to be profitable.

Investment refers to the process of putting money or money's worth in some opportunity for the purpose of making or reaping returns out of it. This money or money's worth is the excess after expenditure, i.e., savings. It is mainly done in order to ensure safety and also hedge against inflation. Investment in various types of assets is an interesting activity that attracts people from all walks of life irrespective of their occupation, economic status, education and family background.

Stocks are a unique investment because they allow us to take partial ownership in a company. Because of this, the returns are potentially bigger and they have a history of being a wise way to invest our money. Investment in securities is profitable as well as exciting. It is indeed rewarding, but involves great deal of risk and calls for scientific knowledge as well as artistic skill. In such investments, both rational and emotional responses are involved. Investment in financial securities is one of the most risky as well as best avenues of investment. Investors have a plethora of options available to them ranging from mutual funds, equities to fixed income instruments like bonds and bank deposits. Choosing the right one depends upon the risk and return characteristics of the securities.

So, before making investments an investor should analyse the risk and return associated with the particular investment and how well it is performing. Now, risk return analysis and security analysis gain more importance under these circumstances.

In order to understand the optimum portfolio in which the investment is to be made in auto mobile sector, there are many important issues to be analysed.

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The efficiencies of the companies in the portfolio will be confirmed by analytical studies. ie: Both security analysis and portfolio analysis. Security analysis is conducted by analysing both the fundamental and technical aspects.

Fundamental analysis is a method of finding out the future price of a stock which an investor wishes to buy. It relates to the examination of the intrinsic worth of a company to find out whether the current market price is fair or not, whether it is overpriced or under-priced. It believes that analysing the economy, strategy, management, product, financial status and other related information will help to choose shares that will outperform the market and provide consistent gains to the investor. It is the examination of the underlying forces that affect the interest of the economy, industrial sectors and companies. It tries to forecast the future movement of the capital market using signals from the Economy, Industry and Company. It requires an examination of the market from a broader perspective. The presumption behind fundamental analysis is that a thriving economy fosters industrial growth which leads to development of companies. Estimate of real worth of a stock is made by considering the earning potential of the company which depends on investment environment and factors relating to specific industry, competitiveness, quality of management, operational efficiency, profitability, capital structure and dividend policy. Many people use fundamental analysis to select a company to invest in, and technical analysis to help make their buy and sell decisions. It also involves a detailed examination of the company's competitors, the industry or sector.

This report contains the "Fundamental analysis of top five Indian pharmaceutical players with special reference to Celebrus Commodities ltd ".

II. Literature Review

The origin of Fundamental analysis for the share price valuation can be dated back to Graham and Dodd (1934) in which the authors have argued the importance of the fundamental factors in share price valuation. Theoretically, the value of a company, hence its share price, is the sum of the present value of future cash flows discounted by the risk adjusted discount rate. This conceptual valuation frame work is the spirit of the renowned dividend discount model developed by Gordon (1962). However, the dividend discount model valuation involves the forecast of future dividend payment which is difficult due to the changes in firm's dividend policy. Thus, the subsequent studies along this line of literature searched for the cash flow that is unaffected by the dividend policy and can be obtained from the financial statements. Ou and Penman (1989) use financial statement analysis of income statement and balance sheet ratios to forecast future earnings. The primary motivation for this research is to identify mispriced securities. However, these authors demonstrate that the information in the earnings prediction signals is helpful in generating abnormal stock returns. Fama and French (1992) show that value stocks (high book/market) significantly outperform growth stocks (low book/market). The average return of the highest book/market decile is reported to be one per cent per month higher than the average return for the lowest book/market decile. Jagadeesh and Titman (1993) document that over a horizon of three to twelve months, past winners on an average continue to outperform past losers by about one percent per month. Lev and Thiagarajan (1993) use conceptual arguments to study their ratios. They demonstrate that the earnings prediction signals in variables like growth in accounts receivables relative to sales growth and gross marginrate are incrementally associated with contemporaneous stock returns and are significant in predicting future earnings. Joseph. D. Piotroski (2000) examines whether a simple accounting based Fundamental Analysis strategy, when applied to a broad portfolio of high Book to Market firms, can shift the distribution of returns earned by an investor. The research shows that the mean returns earned by a high Book to Market investor can be increased by at least 7.5% annually through the selection of financially strong high Book to Market firms. Pascal Nguyen, (2003) constructs a simple financial score designed to capture short term changes in firm operating efficiency, profitability and financial policy. The scores exhibit a strong correlation with market adjusted returns in the Current fiscal period and the same continues in the following period also.

Fundamental analysis involves:

i**. Economic Analysis**
ii. Industry Analysis
iii. Company Analysis

Scope Of The Study

The scope of the study is limited to only five companies in the Pharmaceutical sector viz. Sun Pharma, Lupin,Ranbaxy, Cipla, Dr reddys,

Objectives Of The Study

The study has undertaken with the following objectives:

- To analyse the nature and performance of selected five stocks in Indian Pharmaceutical Industry.
- To understand the value of the five selected stocks in Pharmaceutical sector.
- To identify most favourable stock for investment.
- To help the investors in decision making process.

III. Research Methodology

This study is partially descriptive in nature and partially analysis. The main purpose of the descriptive research is the description of the state of affairs as it exists in the present. The main characteristic of the descriptive research is that the researcher has no control over the variables. This Methodology is most suitable for study of fundamental analysis. Analysis is conducted for valuation of shares.

a) Data Source

Secondary Source:

Data was collected from secondary source. The data was mostly collected from the annual reports of companies, some selected websites and company brochures

b) Sampling Plan

- Sampling size

A total of five companies are selected from the Pharmaceutical sector which is listed in BSE and NSE tor last 5 years from 1st April 2009 to 31st March 2013

- Sampling Procedure

Convenience sampling is administrated by the researcher .Under this method the researcher selected a total of Eve companies from the Pharmaceutical sector.

IV. Tools For The Analysis

For fundamental analysis, Ratio Analysis is used. Percentage analysis is taken for analysing primary data, Tables and charts are also used for analysis. Ratios are calculated from current year numbers and are then compared to previous years.

Ratio Analysis

- **Current Ratio**

Current ratio is the most common ratio for measuring liquidity. It represents the ratio of current assets and current liabilities. It is also called working capital ratio. It **is** calculated by dividing current assets by current liabilities.

$$\boldsymbol{Current\ Ratio} = \frac{\textbf{Current Asset}}{\textbf{Current Liabilities}}$$

Table 1.

Company	Current Ratio (Rs in Cr)				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	2.31	2.68	3.09	2.14	2.53
DrReddys Labs	1.62	1.70	1.66	1.49	1.85
Lupin	1.59	1.19	1.10	0.96	0.83
Cipla	1.95	3.18	2.59	2.17	1.81
Ranbaxy laboratories	0.81	0.76	1.40	1.18	1.16

(Source: Secondary Data)

Interpretation

All companies haven't been maintaining ideal current ratio except Sunpharma. Cipla has showed highest current ratio in 2012. Sunpharma has recorded thei highest current ratio in 2011.

- **Quick Ratio**

This ratio is sometimes known as Acid Test or Liquidity Ratio.lt is the Relation between quick asset and quick liability It is determined by quick asset by quick liability .The term quick asset refers to current assets which can be converted into cash immediately .Quick ratio is a true test for finding business solvency.

$$\boldsymbol{Quick\ Ratio} = \frac{\textbf{Quick Asset}}{\textbf{Quick Liabilities}}$$

Table 2

Company	Quick Ratio (Rs in Cr)				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	1.82	2.33	2.74	1.52	2.17
DrReddys Labs	2.02	1.84	1.91	1.45	2.13
Lupin	1.69	1.59	1.75	1.68	1.02
Cipla	1.68	1.95	2.06	1.57	1.93
Ranbaxy laboratories	0.95	0.84	1.60	0.89	0.86

(Source: Secondary Data)

Interpretation

All the above companies have been maintaining their liquid asset position above the standard limit except Ranbaxy Laboratories. Quick ratio of sun pharma has showed highest quick ratio in the year 2011. Lupin labs has been showing almost constant quick ratio for the last four years.

- **Debt-Equity Ratio**

The relation between borrowed funds and owners capital is a popular measure of the long term financial solvency of the firm. This relationship is shown by the debt-equity ratio. This ratio indicates the relative proportion of debt and equity in financing the assets of the film.

$$\textbf{Debt} - \textbf{to} - \textbf{equity ratio} = \frac{\boldsymbol{Liabilities\ (Debt)}}{\boldsymbol{Equity}}$$

Table 3

Company	Debt-Equity Ratio (Rs in Cr)				
	2013	2012	2011	2010	2009
Sun Pharma	0.01	0.01	0.01	0.01	--
DrReddys Labs	0.20	0.23	0.24	0.10	0.12
Lupin	0.11	0.27	0.31	0.36	0.69
Cipla	0.11	--	0.07	--	0.22
Ranbaxy laboratories	2.48	2.02	0.83	0.85	1.05

(Source: Secondary Data)

Interpretation

No companies have been maintaining the standard Debt-Equity Ratio for the last five years. Ranbaxy Laboratories has recorded highest Debt-Equity ratio for the last two years. Sunpharma has showed very low Debt-Equity ratio, that means they can go for more debt financing.

- **Earnings Before Interest And Tax (EBIT)**

An indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest. EBIT is also referred to as "operating earnings", "operating profit" and "operating income", as you can re-arrange the formula to be calculated as follows:

EBIT = Revenue - Operating Expenses

Also known as Profit before Interest and Taxes (PBIT), and equals Net Income with interest and taxes added back to it.

Table 4

Company	Earnings Before Interest And Tax (Rs in Cr)				
	2013	2012	2011	2010	2009
Sun Pharma	834.67	1877.27	1582.44	1086.97	1415.9
DrReddys Labs	2,440.20	1,970.90	1,584.40	1,564.90	1,163.80
Lupin	2,057.37	1,164.78	1,079.30	908.56	653.66
Cipla	2,651.30	2,012.23	1,660.37	1,671.89	1,257.12
Ranbaxy laboratories	505.01	-2201.51	2061.83	1286.5	-1177

(Source: Secondary Data)

Interpretation

The EBIT of Cipla, Lupin, and Dr Reddys have been showed an increasing trend for the last five years. The highest EBIT has been showed by Cipla in the last year. The second highest EBIT has been recorded by Dr Reddys lab. EBIT performance of Ranbaxy was very poor. Sun pharma's EBIT was showing an inconsistent trend.

- **Interest Coverage Ratio**

This ratio expresses the relation between Earnings Before Interest And Tax (EBIT) and fixed interest charges. This ratio shows how many times the interest charges are covered Earnings before interest and tax. Higher the ratio, better the position of the long term creditors.

$$\textbf{Interest Coverage Ratio} = \frac{\boldsymbol{EBIT}}{\boldsymbol{Fixed\ Interest\ Charges}}$$

Table 5

Company	Interest Coverage Ratio				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	--	--	--	2,228.18	459.14
DrReddys Labs	29.55	25.22	220.90	250.76	53.32
Lupin	52.80	31.41	31.58	27.25	12.32
Cipla	61.27	54.38	90.12	57.08	35.92
Ranbaxy laboratories	1.73	3.42	22.22	15.24	1.29

(Source: Secondary Data)

Interpretation

This ratio shows how efficiently the companies are covering their interest with their EBIT. Sunpharma was more efficient in managing their interest charges with available EBIT. Ranbaxy was not much efficient in managing their interest with available EBIT. It is because of large amount of interest charges.

- **Asset Turnover Ratio**

This ratio indicates the extents to which the investments in assets contribute towards the sales. The ratio is calculated as follows

$$\textbf{Asset Turnover Ratio} = \frac{\textbf{\textit{Net Sales}}}{\textbf{\textit{Total Assets}}}$$

Table 6

Company	Asset Turnover Ratio				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	0.31	0.55	0.50	0.34	0.59
DrReddys Labs	0.96	0.85	0.74	0.71	0.72
Lupin	1.41	1.22	1.19	1.28	1.28
Cipla	0.94	0.95	0.98	1.00	1.09
Ranbaxy laboratories	1.01	1.03	0.67	0.64	0.69

Interpretation

Lupin gives the highest Asset Turnover Ratio overall in five years and almost consistent- Cipla is the second performer on the basis of Asset Turnover Ratio, and gives an average of0.992. Sun Pharma shows an inconsistent trend whereas DrReddys Labs show a growing trend in the last five years.

- **Return On Total Asset**

Profitability can be measured in terms of relationship between net profit and total assets. This ratio is also known as return on gross capital employed- It measures the profitability of investment.

$$\textbf{Return On Total Assets} = \frac{\textbf{\textit{Net Profit}}}{\textbf{\textit{Total Asset}}} * \mathbf{100}$$

Table 7

Company	Return On Total Assets				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	**75.21**	**76.07**	**64.51**	**276.08**	**248.72**
DrReddys Labs	**458.29**	**396.19**	**355.69**	**350.30**	**312.17**
Lupin	**108.30**	**83.61**	**70.66**	**284.51**	**166.06**
Cipla	**110.47**	**94.04**	**82.36**	**73.66**	**55.97**
Ranbaxy laboratories	45.42	45.60	121.74	94.16	84.24

(Source: Secondary Data)

Interpretation

DrReddys Labs gives the highest Return on Asset an all years and has an increasing trend. The second highest performer isCipla which maintain consistency in all year. Lupin gives the third highest performer on the basis of Return on Asset Though, Sun Pharma has performed well in 2009-2010 and after that there is a huge dip in Return on Asset .The least performer is Ranbaxy laboratories which gives the lowest Return on Asset.

- **Return On Net Worth**

Return on Net worth is used in finance as a measure of a company's profitability.lt reveals how much profit a company generates with the money that the equity shareholders have invested. This ratio is useful for comparing the profitability of a company to that of other firm in the same industry.

$$\textbf{Return On Net worth} = \frac{\textbf{Profit After Tax}}{\textbf{Net worth}} * \textbf{100}$$

Table 8

Company	Return On Net worth(%)				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	6.63	25.35	20.71	16.25	24.05
DrReddys Labs	16.25	17.42	14.81	13.07	11.37
Lupin	26.00	17.99	25.67	26.74	29.60
Cipla	16.99	14.88	14.52	17.57	23.17
Ranbaxy laboratories	11.39	37.43	14.33	1.84	17.40

(Source: Secondary Data)

Interpretation

Lupin gives the highest Return on Net Worth in all years except 2012, which shows the efficiency of the company. Cipla gives the second highest Return on Net Worth.Ranbaxy laboratories show a fluctuating trend in Return on Net Worth.Sun Pharma has the lowest Return on Net Worth in the year 2013.

- **Dividend Per Share**

The sum of declared dividends for every ordinary share issued. Dividend Per share (DPS) is the total dividends paid out over an entire year(including interim dividends but not including special dividends)divided by the number of outstanding ordinary shares issued.

$$\textbf{Dividend Per Share} = \frac{\textbf{\textit{Amount Declared As Dividend}}}{\textbf{\textit{Number Of Equity Shares}}}$$

Table 9

Company	Dividend Per Share				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	**5.00**	**4.25**	**3.50**	**13.75**	**13.75**
DrReddys Labs	15.00	13.75	11.25	11.25	6.25
Lupin	**4.00**	**3.20**	**3.00**	**13.50**	**12.50**
Cipla	**2.00**	**2.00**	**2.80**	**2.00**	**2.00**
Ranbaxy laboratories	**0.00**	**0.00**	**2.00**	**0.00**	**0.00**

(Source: Secondary Data)

Interpretation

The following inferences are drawn from the Table; DrReddys Labs has the highest DPS in all the years.Sun Pharmagives the second highest DPS.Lupin ensures the 3rd highest DPS followed byCipla.Ranbaxy laboratories have the least DPS in all the years.

- **Dividend pay-out Ratio**

The percentage of earnings paid to shareholders in dividends. The dividend pay-out ratio provides an idea of how earnings support the dividend payments. More mature companies tend to have a higher pay-out ratio.

$$\textbf{Dividend Payout Ratio} = \frac{\textbf{\textit{Dividend Per Share}}}{\textbf{\textit{Earnings Per Share}}}$$

Table 10

Company	Dividend Payout Ratio				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	100.24	25.92	26.19	31.69	22.50
DrReddys Labs	20.13	29.69	34.20	26.19	21.94
Lupin	16.61	20.65	19.21	21.60	29.04
Cipla	12.46	16.60	27.23	17.31	23.41
Ranbaxy laboratories	--	--	8.54	--	--

(Source: Secondary Data)

Interpretation

Sun Pharma has the highest Dividend pay-out Ratio in the financial year 2013 - 2014 and seems to be an increasing trend in the future also.DrReddys Labs gives the second highest Dividend pay-out Ratio with a tremendous growth in the year 2011 and thereafter it declines.Lupin grabs the third highest Dividend pay-out Ratio and shows fluctuating trend. The least performer is Ranbaxy laboratories which gives the lowest Dividend pay-out Ratio in all the five years.

- **Earnings Per Share**

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability .This ratio helps in the assessment of the profitability of the firm from the stand point of equity share holders. This measures the profit available to the equity share holders per share.

$$\textbf{Earnings Per Share} = \frac{\textbf{\textit{Profit After Tax}}}{\textbf{\textit{Number Of Shares}}}$$

Table 11

Company	Earnings Per Share				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	4.99	16.39	13.36	43.39	61.09
DrReddys Labs	74.51	53.81	52.78	50.11	33.29
Lupin	28.16	18.01	18.15	72.96	50.35
Cipla	18.77	14.00	11.96	13.47	9.99
Ranbaxy laboratories	-3.84	-72.32	27.28	13.61	-24.85

(Source: Secondary Data)

Interpretation

DrReddys Labs has the highest EPS in all the five years. It shows that the profitability of the company is very much consistent.Cipla has showed a consistent growth over the last five years. Lupin has showed a fluctuating trend in their EPS but last year it was satisfactory .Sun Pharma has showed a declining trend in their EPS. The least performer is Ranbaxy laboratories on the basis of EPS in all the five years.

- **Net Profit Margin**

Net profit divided by net revenues, often expressed as a percentage. This number is an indication of how effective a company is at cost control. The higher the net profit margin is the more effective the company is at converting revenue into actual profit. The net profit margin is a good way of comparing companies in the same industry, since such companies are generally subject to similar business conditions.

$$\textbf{Net profit Margin} = \frac{\boldsymbol{Net\ Profit}}{\boldsymbol{Net\ Sales}} * \mathbf{100}$$

Table 12

Company	Net profit Margin				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	19.35	38.94	41.91	33.99	31.43
DrReddys Labs	14.75	13.51	16.84	18.48	13.20
Lupin	17.63	14.92	17.95	17.52	14.09
Cipla	17.87	15.77	14.95	18.97	14.58
Ranbaxy laboratories	-2.47	-38.04	19.74	11.72	-22.02

(Source: Secondary Data)

Interpretation

Sun Pharma has the highest NPM in all the years. The profit margin of the company showed an increasing trend till 2012. Cipla stands the second position in terms of NPM with a highest margin of18.97 % in 2010.Though Lupin remains in the 3rd position, their profit margin shows a fluctuating trend in all the year.DrReddys Labs stands in the 4th position with a profit margin of14.75 % in 2013.Ranbaxy laboratories profit margin remains very poor in all time.

- **Price/Earnings Ratio**

The price/earnings ratio (P/E) is the best known of the investment valuation indicators. The P/E ratio has its imperfections, but it is nevertheless the most widely reported and used valuation by investment professionals and the investing public. The financial reporting of both companies and investment research services use a basic earnings per share(EPS) figure divided into the current stock price to calculate the P/E multiple.

$$\textbf{Price/Earnings Ratio} = \frac{\boldsymbol{Stock\ price\ per\ share}}{\boldsymbol{Earnings\ per\ share}}$$

Table 13

Company	Price/Earnings Ratio				
	2013	**2012**	**2011**	**2010**	**2009**
Sun Pharma	197.7	36.3	34.5	43.5	18.9
DrReddys Labs	**24.5**	**34.1**	**32.1**	**26.5**	**15.2**
Lupin	22.9	30.3	23.5	23.0	14.3
Cipla	20.6	22.3	27.9	25.7	22.8
Ranbaxy laboratories	0.0	0.0	22.2	38.1	0.0

(Source: Secondary Data)

Interpretation

Sun Pharma has the highest P/E ratio in 2013 and also performed well in 2010 and 2012.DrReddys Labs has their highest P/E ratio in 2013 and was showing a fluctuating trend throughout all the year.Lupin was showing a fluctuating trend throughout all the year. The least performer isRanbaxy laboratories. But Cipla was showing a fluctuating trend throughout all the year.

Company	Intrinsic Value
Sun Pharma	**365.97**
DrReddys Labs	**1786.50**
Lupin	**384**

Cipla	**510.6**
Ranbaxy laboratories	**52.60**

Ranking Of Companies Based On Different Variable.

Table 14

Company	DPS	ROE	P/E	EPS	Intrinsic value	Total
Sun Pharma	**8**	**6**	**10**	**6**	**4**	**34**
DrReddys Labs	**10**	**4**	**8**	**10**	**10**	**42**
Lupin	**6**	**10**	**4**	**8**	**8**	**36**
Cipla	**4**	**8**	**6**	**4**	**6**	**30**
Ranbaxy laboratories	**2**	**2**	**2**	**2**	**2**	**10**

(Rank 1 = 10, Rank 2 = 8, Rank 3 =6, Rank 4 = 4, Rank 5 = 2)

V. Findings Of Fundamental Analysis

All companies have not been maintaining standard current ratio exceptSun Pharma. Cipla has shown highest current ratio in 2012.All companies have been maintaining standard liquidity ratio except Ranbaxy laboratories. Quick ratio of sun pharma has reported highest quick ratio in2011. No companies have been maintaining the ideal debt-equity ratio in the last two years.The EBIT of Dr Reddy's laboratories, Cipla, Lupin are showing a increasing trend. Cipla has reported the highest EBIT in the year2013.Interest coverage ratios of all companies are satisfying except Ranbaxy laboratories. Sunpharma has recorded the highest interest coverage ratio in the year 2010.Lupin Lab has been showing a highest and constant asset turnover ratio throughout the whole five years. Dr reddy and Cipla have been showing a consistent growth their return on total asset throughout the all five years.All companies REO is satisfactory except Ranbaxy Laboratories. Ranbaxy lab showed highest ROE in 2012. Dr Reddy lab has reported a gradual growth in their DPS. Dividend Pay-out Ratio of SunPharma is good and reported DPOR in 2013. EPS of Dr reddy has been showed a gradual increase and recorded highest in 2013. All companies have been showing a good net profit margin except Ranbaxy Lab and Sun Pharma has been showing a highest N/P margin throughout the whole period. All companies have reported good P/e ratio except Ranbaxy lab. The shares of Sun Pharma& Ranbaxy laboratories are over-priced.

VI. Suggestions

- Every investor is suggested to make a detailed analysis of the share market, about the company and industry before making investment decisions.
- Investing in one security alone is not recommended as returns may not be favourable always. Investing in multiple and diversified securities reduces the risk and provides a stable returns.
- It is suggested to buy and hold the undervalued stocks, i.e.,DrReddys Labs, Lupin&Cipla as their shares' prices have a tendency to increase in the future.
- Stock market fluctuates from time to time; therefore it is advised to check the market conditions each time before investing.
- For long term investors, investments inDrReddys Labs, Lupin&Cipla will fetch them good returns and capital appraisal.
- Investing in share market using borrowed funds should be avoided as far as possible.
- Every person should have his own strategy for investments in the share market and his decisions should not be influenced by others.
- It is always better to hold good stocks than to engage in rapid-fire trading for quick returns.

VII. Conclusion

As we all know India is one of the fastest growing economies in the world. For the past few years the Indian Pharmaceutical Industry is performing very well. The varied functions such as contract research and manufacturing, clinical research, research and development pertaining to vaccines are the strengths of the Pharma Industry in India. Multinational pharmaceutical corporations outsource these activities and help the growth of the sector. The Indian Pharmaceutical Industry has a bright future.

Fundamental Analysis insists that no one should purchase or sell a share on the basis of tips and rumours.The fundamental approach calls upon the investor to make his buy or sell decision on the basis of a detailed analysis of the information about the company, the industry to which the company belongs and the economy.

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