



**Working capital management in pharma companies –
A select study**

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Abstract: Finance is the nerve centre of economic activity. It is also regarded as the life blood of a business enterprise. This is because in the modern money-oriented economy, finance is one of the basic foundations of all kinds of economic activities. It is the master key which provides access to all the sources for being employed in manufacturing and merchandising activities. It has rightly been said that business needs money, only when it is properly managed. Hence, efficient management of every business enterprise is closely linked with efficient management of its finances. Working capital management refers to all management decisions and actions that ordinarily influence the size and effectiveness of the working capital. It is concerned with the most effective choice of working capital sources and the appropriate levels of the current assets. It focuses attention to the managing of the current assets, current liability and their relationships between them. In other words, working capital management may be defined as the management of a firm's liquid assets viz-cash, marketable securities, accounts receivable and inventories. In the present day context of rising capital cost and scarce funds, the importance of working capital needs special emphasis. The inefficient management of working capital not only reduces profitability but ultimately may also lead a concern to financial crisis. There are many instances of business failure for inadequate working capital. An attempt has, therefore, been made to undertake an in-depth study on, working capital management in pharma companies which are top ten companies in India. Amongst them five pharmaceutical companies were chosen.

Key Words: Life blood, Cash, Inventories, Accounts Receivables, Pharma companies.

Introduction:

Finance is the nerve centre of economic activity. It is also regarded as the life blood of a business enterprise. This is because in the modern money-oriented economy, finance is one of the basic foundations of all kinds of economic activities. It is the master key which provides access to all the sources for being employed in manufacturing and

merchandising activities. It has rightly been said that business needs money, only when it is properly managed. Hence, efficient management of every business enterprise is closely linked with efficient management of its finances.

It plays an extremely crucial role in the continuity and growth of a business. No business concern can be promoted, established and expanded



without adequate financial resources. Besides, an effective utilization of capital is essential to accelerate the rate of development and raise the efficiency of productive system. Capital formation is inclusive of both fixed and importance than the latter. However, working capital management which is considered an inseparable segment of overall financial management is a pre-requisite for effective functioning of an undertaking.

Prudent management of working capital acts as a key for the successful operations of a business undertaking. To have adequate, healthy and efficient circulation of working capital, it is necessary that working capital should be properly determined and regularly reviewed. Efficient utilization of working funds leads to the maximization of returns on investment. The efficacy of working capital management is determined by the efficient administration of its various components like cash, trade credit and inventory etc.

Working capital is said to be the life blood of a business. Working capital signifies funds required for day-to-day operation of the firm. In financial literature, there exist two concepts of working capital namely: gross and net. According to gross concept, working capital refers to current assets, viz: cash, marketable securities, inventories of raw materials, work-in-process, finished goods and receivables. According to net concept, working capital refers to the difference between current assets and current liabilities. An organization is required to maintain a balance between liquidity and organization's performance while conducting its day to day operations. Liquidity is a precondition to ensure that organizations are able to meet its short-term obligations and its continued flow

can be guaranteed from a profitable venture.

Review of Literature:

In order to define the problem more comprehensively and for designing the core objectives of the study, an attempt is made to thoroughly examine the working capital management practices of select companies.

Mr. N.Suresh Babu and Prof. G.V.Chalam (2014) Suggest that managers can create value for their shareholders by reducing the number of day's accounts receivable and increasing the account payment period and inventories to a reasonable maximum and also suggests that managers of these firms should spend more time to manage cash conversion cycle of their firms and make strategies of efficient management of working capital.

Short – term assets and its short- term liabilities.

Daniel Mogaka Makori and Ambrose Jagongo (2013) Concluded that the management of a firm can create value for their shareholders by reducing the number of day's accounts receivable. The management can also create value for their shareholders by increasing their inventories to a reasonable level. Firms can also take long to pay their creditors in as far as they do not strain their relationships with these creditors. Firms are capable of gaining sustainable competitive advantage by means of effective and efficient utilization of the resources of the organization through a careful reduction of the cash conversion cycle to its minimum. In so doing, the profitability of the firms is expected to increase.

K. Madhavi studied "Working Capital Management of Paper Mills" during the



period from 2002-2003 to 2010-2011 with the help of accounting tools and statistical techniques. From the study analyze that, the management of Andhra Pradesh Paper Mills Ltd (APPML) must initiate necessary steps to utilize its idle cash and bank balances in attractive investments or to pay back in short term liabilities.(current ratio).The low quick ratio may also have liquidity position, if it has fast moving inventories and is more satisfactory in Seshasayee Paper Boards Ltd (SSPBL) with APPML. Cash ratio is not satisfactory in APPML as compared to SSPBL and it needs the attention of the management to induce effective utilization of cash and bank balances.

Khan and Jain (2007) also stress that working capital management is concerned with the problems that arise in attempting to manage the current assets, the current liabilities and the interrelationship that exists between them. Working Capital Management involves the relationship between a firms' short -term assets and short -term liabilities.

Ghosh and Maji, 2003, studied working capital management in Indian cement companies during 1992 to 2002. He used performance, utilization, and overall efficiency indices were calculated instead of using some common working capital management ratios to measure the efficiency of working capital management. Findings of the study indicated that the Indian Cement Industry as a whole did not perform remarkably well during this period.

Narasimhan and Murty (2001), focus on improving return on capital employed by targeting some critical areas such as cost containment, reducing investment in working capital and improving working capital efficiency.

According to **Machiraju (1999)**, working capital management involves administration of current assets and current liabilities which consists of optimizing the level of current assets in partial equilibrium context. Working capital management involves the relationship between a firms'

Statement of the problem

From the analysis on review of literature, it is clearly observed that no comprehensive study is made specifically focusing on the pharmaceutical companies. Pharmaceutical companies have long been the envy of other industries, given their strong balance sheets, high operating margins, and access to cash. As a result of these competitive advantages, members of the industry have historically paid little attention to releasing cash from their working capital, which is commonly defined as the difference between a company's current assets and its current liabilities. The industry faces significant challenges in different areas related to patent expirations, pricing and regulatory pressures, shifting demographics, and efficacy issues.

Faced with these challenges, members of the industry are now seeking to preserve the value they have created while at the same time executing new transformational strategies to create value. Although much of the focus in recent years has been on the industry's cost-cutting measures, the active management of working capital is increasingly becoming a key element of this transformative effort. The present study is different to the earlier studies because, it critically examines the management of working capital in pharmaceutical companies and further, the study will also make a view on



operational performance of the select pharmaceutical companies with due emphasis on accounts receivable, management of cash, ratios and inventory management.

OBJECTIVES OF THE STUDY

The study is aimed at achieving the following objectives.

1. To explore the overview of pharmaceutical industry with special reference to select Pharma Companies.
2. To examine the structure of Working Capital and performance of the select Pharma companies in the management of working capital.
3. To analyze the Inventory management in the select Pharma companies.
4. To study the Accounts receivable in the respective Pharma companies.
5. To study the management of cash in the select Pharma Companies.

Finally, the study presents the conclusions.

SCOPE OF THE STUDY

The study on working capital management practices in Pharmaceutical companies is limited to five select Pharma companies originated in Telangana State. These include Aurobindo pharmaceutical company, Divis Laboratories, Dr. Reddy's labs, Granuels India and Seven Laboratories limited. Further, the study is restricted analyzing the working capital management in the five companies by focusing on select issues. These include operational, inventory, cash management and accounts receivable management. The study further takes into the account of analysis on performance figures of 10 financial years

which include from 2005-06 to 2014-15.

METHODOLOGY

The detailed methodology to be adopted for the research study is presented below.

a) COLLECTION OF DATA

The secondary data required for the study is extracted from the annual reports of 5 select pharmaceutical companies. The study covers a period of 10 years from 2005-06 to 2014-2015. It is based on various aspects of working capital and mainly focuses on the components including financing of working capital, components of current assets; relationship of current asset and current liabilities, turnover of current assets and impact of working capital on profitability.

TECHNIQUES APPLIED

The analysis is done on the basis of various ratios such as current ratio (CR), liquid Ratio (LR), Working capital turnover Ratio (WTR), inventory turnover ratio (ITR), Receivables Turnover ratio (RTR), Cash turnover Ratio (CTR), other current asset turnover ratio, loans and advances turnover ratio, working capital long term funding, current asset to total asset ratio, inventory to current asset, receivables to current asset, cash to current assets used as independent ratio and Cash Flow, Funds Flow, Cash Budgeting. Statistical technique such as average, Standard deviation, correlation analysis is used for the purpose of analyzing the data.

PERIOD OF THE STUDY

In order to maintain uniformity on statistical analysis on various



statements of the select pharmaceutical companies, the period from 2005-06 to 2014-15, i.e., 10 years data is considered for the present study.

SAMPLE OF THE STUDY

Working capital of the 5 select pharmaceutical companies operating in and around Hyderabad, Rangareddy and Sangareddy districts are considered for the study. The study is based on the critical examination of 5 select pharma companies. The select of Pharma units has been made on the basis of convenience sampling. These include

- a. Divis laboratories
- b. Aurobindo pharmaceutical company
- c. Granuels India pharmaceutical company
- d. Suven Life Sciences Limited
- e. Dr. Reddy's laboratories

Each of these companies is represented in the sample by a single unit. The sample, therefore, constitutes five Pharma companies.

COMPANY-WISE ANALYSIS AND INTERPRETATION

In this section, detailed statistical results have been presented pertaining to 5 select pharmaceutical companies. Company wise analysis and interpretation is made in order to understand the pattern of working capital, sources and management of working capital, ratios on select dimensions and the evaluation is also presented.

In the above table no: 1 the average current liability of the company has recorded 45817.21 lakhs and the inventory pattern has also shown constantly fluctuating in the 10 year

period. The average inventory of the company has recorded 55933.78 lakhs during the 10 year period. With reference to prepaid expenses, there is slow growth in the prepaid expenses and the average has shown 228 lakhs for the 10 year period.

The net working capital which is calculated from the difference of current assets and current liabilities has shown the company has been able to increase its net working capital largely due to the healthy growth rate in the current assets. Further, it is also observed that the average net working capital of the company is shown 118248.4 lakhs. The figures clearly shows the witness that the working capital has been going in the positive growth pattern and this clearly indicates that Divi's Laboratories was able to efficiently manage its short-term financial needs. The health growth also proves that the company is able to manage well towards short term financial needs.

Current ratio is calculated to measure the company's ability to pay short-term and long-term obligations. The current ratio for the 10 year period has shown within the limits of 2.71 and 4.24. It clearly suggest us that the company has achieved the high current ratio which means, it is to interpret that Divi's Laboratories is not using its current assets efficiently and also gives an indication that the company is not that far in the management of working capital.

With reference to Acid test ratio or quick ratio, the improved test than the current ratio gives an understanding to measure the liquidity of Divi's Laboratories the ability to take care of its short-term liabilities. This ratio will also taken into consideration of inventory



used by the company. The quick ratio obtained by the company is ranging from 1.07 to 1.52 and the average quick ratio has been more than 1 for all the 10 year period. This gives an indication that the company is not facing the problem to pay off its current liabilities with quick assets. The average of the quick ratio is 1.26 which gives an indication that the company is not facing the problem in the management of quick assets. With reference to Inventory turnover ratio, the ratios are in the range of 1.10 to 3.38 and the average inventory turnover ratio found for 10 year period is 2.31.

The analysis of data in Table No. 2 shows the summarized results obtained from the annual reports for the 10 years. From the statistics on Current Assets, it is been observed that the current assets has been increased from 14427.8 million in 2005-06 to 63680.8 lakhs in 2014-15. There is a consistent growth in the current assets of the company. The average current assets for the 10 year period are 32283.5 lakhs and the standard deviation of the current assets is 14884.54. Further, it is noticed that the highest is achieved during 2014-15 with 63680.8 lakhs and the least has been achieved in 2005-06 period with 14427.8 lakhs. With reference to 'current liabilities', it is been observed that there is a constant growth in the current liabilities pattern and the average current liabilities is 17875.45 lakhs with a standard variation of 14069.12. The inventories have also been rising for the company from 4718.1 lakhs to 24316.0 lakhs in 2014-15 and the average is 12293.28 lakhs with a standard deviation of 6873.636.

With reference to working capital, in 2005-06, it is 11445.7 lakhs and this has been increased to 24218.9

lakhs in 2014-15, as the current assets has been increased the net working capital is also been witnessed during the 10 year period. The standard deviation is 6828.87 lakhs. With reference to 'Current ratio', for the whole 10 year period it has been observed that the current ratio ranging from 2.73 to 5.17 and from this, it is to interpret that the company though showing good performance as the current ratio has grown more than 1.5, the higher current ratio values also witnesses that the company has not been able to utilize the current assets in the right direction.

The average current ratio is 3.649 and the standard deviation is 0.7375 and this proves that there is a need for concern in the utilization of current assets in the right proportion. With reference to Quick ratio, the values of quick ratio ranging from 1.60 to 3.86 with a average of 2.54 and the standard deviation of 0.617. From this it is to interpret that the high quick ratio values show the positive trend in the utilization of quick assets of the company. With reference to inventory turnover ratio, the values ranging from 3.71 to 4.27 and the average is 4.009 and the standard deviation is 0.22 and from this it is observed that the inventory turnover ratio has been higher which proves the growth in the inventory levels of the company. Further, it is also observed that the high proportion of inventory turnover ratio shows the adequacy of inventory levels maintained by the Aurobindo Company for the 10 year period.

The data analysis in table no. 3 revealed that the current assets of the company have been increased from 979.9 lakhs during 2005-06 to 4674.8 lakhs during 2014-15 period. The average



current assets of the company are situated at 1797.24 lakhs and the standard deviation is lied at 1285.99 lakhs. Current assets are things a business owns that are likely to be used up or converted into cash within one business cycle--usually defined as one year. The most common line items in this category are cash and cash equivalents, short-term investments, accounts receivable, inventories, and other various current assets.

The trend has shown there is a constant growth in the current assets pattern of the company. And further, it is also observed that the current assets of the company has recorded the average of 164065.6 lakhs Highest growth has been achieved during the period 2014-15 where the company has able to increase more than 5 times to the growth which it has achieved during 2005-06 period. And the least growth has been achieved during the 2005-06 period where the company has achieved only 979.9 lakhs. With reference to the current liabilities, the company has been achieved fluctuations in the current liabilities during the ten year period. The least hs witnessed during 2007-08 and the highest has been observed during 2014-15 period. Further, the average current liabilities value is 1337.86 lakhs with a standard deviation of 1077.05 lakhs. The average inventory of the company has recorded 617.939 million with a standard deviation of 535.12 lakhs during the 10 year period.

The net working capital which is calculated from the difference of current assets and current liabilities has shown the company has been able to increase its net working capital largely due to the healthy growth rate in the current assets. Further, it is also observed that the average net working capital of the

company is shown 459.38 million. The figures clearly show the witness that the working capital has been going in the positive growth pattern and this clearly indicates that Granuels India was able to efficiently manage its short-term financial needs. The health growth also proves that the company is able to manage well towards short term financial needs.

Current ratio is calculated to measure the company's ability to pay short-term and long-term obligations. The current ratio for the 10 year period ranging between 1.25 to 1.91. Company has recorded more than the minimum positive limit of 1.5.

The data shows in the table no. 4 summarized results obtained from the annual reports for the 10 years. From the statistics on Current Assets, it is been observed that the current assets has been increased from 519.4 lakhs in 2005-06 to 4769.8 lakhs in 2014-15. There is a consistent growth in the current assts of the company. The average current assets for the10 year period are 1443.53 lakhs and the standard deviation of the current assets is 1345.95. Further, it is noticed that the highest is achieved during 2014-15 with 4769.8 lakhs and the least has been achieved in 2005-06 period with 519.4 lakhs. With reference to 'current liabilities', it is been observed that there is a constant growth in the current liabilities pattern and the average current liabilities is 776.46 lakhs with a standard variation of 434.79. The inventories have also been rising for the company from 227.9 lakhs to 818.1 lakhs in 2014-15 and the average is 776.4 lakhs with a standard deviation of 224.98.

With reference to working capital, in 2005-06, it is 238.6 lakhs during 2005-06 and this has been



increased to 3495.9 lakhs in 2014-15, as the current assets has been increased the net working capital is also been witnessed during the 10 year period. The standard deviation is 1048.73 lakhs. With reference to 'Current ratio', for the whole 10 year period it has been observed that the current ratio ranging from 1.04 to 3.74 and from this, it is to interpret that the company though showing good performance as the current ratio has grown more than 1, the higher current ratio values also witnesses that the company has not been able to utilize the current assets in the right direction. The average current ratio is 1.75 and the standard deviation is 0.75 and this proves that there is a need for concern in the utilization of current assets in the right proportion. With reference to Quick ratio, the values of quick ratio ranging from 0.68 to 3.32 with a average of 1.24 and the standard deviation of 0.799. From this it is to interpret that the high quick ratio values show the positive trend in the utilization of quick assets of the company. With reference to inventory turnover ratio, the values ranging from 3.68 to 6.49 and the average is 5.069 and the standard deviation is 0.871 and from this it is observed that the inventory turnover ratio has been higher which proves the growth in the inventory levels of the company. Further, it is also observed that the high proportion of inventory turnover ratio shows the adequacy of inventory levels maintained by the Aurobindo Company for the 10 year period.

Data presented in table no. 5 revealed that the current assets of the company have been increased from 14757 lakhs during 2005-06 to 119838 lakhs during 2014-15 periods. The average current assets of the company are

situated at 56398.3 lakhs and the standard deviation is laid at 36803.75 lakhs. Current assets are things a business owns that are likely to be used up or converted into cash within one business cycle--usually defined as one year. The most common line items in this category are cash and cash equivalents, short-term investments, accounts receivable, inventories, and other various current assets.

The trend has shown there is a constant growth in the current assets pattern of the company. Highest growth has been achieved during the period 2014-15 where the company has able to increase more than 8 times to the growth which it has achieved during 2005-06 period. And the least growth has been achieved during the 2005-06 period where the company has achieved only 14757 lakhs. With reference to the current liabilities, the company has been achieved fluctuations in the current liabilities during the ten year period. The least has witnessed during 2005-06 and the highest has been observed during 2014-15 period. Further, the average current liabilities value is 16022.9 lakhs with a standard deviation of 13982.47 lakhs. The net working capital which is calculated from the difference of current assets and current liabilities has shown the company has been able to increase its net working capital largely due to the healthy growth rate in the current assets. Further, it is also observed that the average net working capital of the company is shown 21875.8 lakhs. The figures clearly shows the witness that the working capital has been going in the positive growth pattern and this clearly indicates that Dr.Reddy's Laboratories was able to efficiently manage its short-term financial needs. The health growth also proves that the



company is able to manage well towards short term financial needs.

Conclusions

The objective of the study was to investigate the relationship between working capital ratios and its impact on profitability. We found both positive and negative relationship between working capital ratios and profitability at 5 pharma companies. However, the profitability of the company was found having positive relation with the account receivable of the company. The working capital is the most important factor for the company. Without working capital the firm can't work for the longer duration. The researcher has analyzed that the working capital is known as the back born of the company and the industry whole.

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Table No. 1 : Working Capital performance of Divi's Laboratories Limited (Rs. lakhs)

Sl.No	Indicator	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average	Standard deviation
1	Current Assets	35463.52	43137.96	57955.48	79194.62	83121.09	153384.0	175135.0	187391.0	378396.33	447477.19	164065.6	142679.5
2	Current Liabilities	13091.92	12587.00	21051.39	19429.38	40212.93	40782.0	55042.0	55159.0	89327	111489.51	45817.21	33199.62
3	Inventory	21586	25412	39590.75	27565.3	49850.44	48824.35	65097	80595	89327	111490	55983.78	30119.22
4	Prepaid expenses	71.17	74.25	87.55	162.97	101.21	512.13	189.39	260.76	318.45	502.12	228	168.2862
5	Net working capital	22371.6	30550.96	36904.09	59765.24	42908.16	112602	120093	132232	289069.3	335987.7	118248.4	110261.1
6	Current ratio	2.71	3.43	2.75	4.08	2.07	3.76	3.18	3.4	4.24	4.01	3.36	0.697042
7	Quick ratio	1.07	1.42	1.28	1.52	1.12	1.12	1.19	1.26	1.39	1.24	1.26	0.145713
8	Inventory turnover ratio	1.10	1.75	1.73	3.38	2.06	2.33	2.77	2.58	2.74	2.70	2.31	0.66192

Source: Compiled from the Annual Reports of the Divi's Laboratories Limited



Table No. 2: Working Capital Performance of the Aurobindo Pharma Company Limited Company (Rs. lakhs)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average	Standard Deviation
1	Current Assets	14427.8	21349.1	20590.8	26060.0	26783.6	32649.5	30174.6	36307.0	50811.8	63680.8	32283.5	14884.54
2	Current Liabilities	2982.1	4706.2	5869.0	5203.3	6398.7	2671.0	26563.9	27679.6	33172.8	39461.9	17875.45	14069.12
3	Inventories	4718.1	6544.0	5472.8	7355.2	9448.2	1219.2	14317.3	17118.1	21450.5	24316.0	12293.28	6873.636
5	Net working capital	11445.7	16642.9	14721.8	20856.7	20384.9	5932.5	3610.7	8627.4	17639	24218.9	14408.05	6828.875
6	Current ratio	3.73	5.17	4.21	4.19	3.55	2.73	2.73	3.55	3.18	3.45	3.649	0.73754
7	Quick ratio	2.70	3.86	2.97	2.99	2.28	2.22	1.60	2.26	2.20	2.36	2.544	0.617813
9	Inventory turnover ratio	4.27	3.95	3.94	4.36	3.89	3.71	4.09	3.79	4.25	3.84	4.009	0.222184

Source: Compiled from Annual Report of the Aurobindo Pharma Company



Table No. 3: Working Capital Performance of the Granuels India Pharma Company Limited (Rs. lakhs)

Sl.No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average	Standard Deviation
1	Current Assets	979.9	857.9	730.2	952.5	1135.4	1236.1	1875.9	2231.2	3298.5	4674.8	1797.24	1285.998
2	Current Liabilities	802.6	476.5	403.4	499.6	642.8	1051.2	1496.7	1783.0	2496.4	3726.4	1337.86	1077.051
3	Inventories	209.0	198.9	291.6	371.5	516.0	601.3	885.7	108.4	1202.9	1794.0	617.939	535.1278
5	Net working capital	177.3	381.4	326.8	452.9	492.6	184.9	379.2	448.2	802.1	948.4	459.38	245.5976
6	Current ratio	1.22	1.8	1.81	1.91	1.77	1.18	1.25	1.25	1.32	1.25	1.476	0.302221
7	Quick ratio	2.33	2.23	1.27	1.28	1.06	1.17	0.66	0.64	0.84	0.77	1.225	0.603973
9	Inventory turnover ratio	9.31	10.85	8.38	7.75	8.46	7.75	8.46	7.90	8.33	6.76	8.395	1.086659

Source: Compiled from Annual Report of the Granuels India Pharma Company



Table No. 4 : Working Capital Performance of the Suven Life Sciences Pharma Company Limited (Rs. lakhs)

Sl.No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average	Standard deviation
1	Current Assets	519.4	674.7	826.7	638.2	760.1	944.7	1048.6	1433.3	2819.8	4769.8	1443.53	1345.954
2	Current Liabilities	280.8	344.8	569.5	427.5	562.7	609.2	1006.6	1139.0	1550.6	1273.9	776.46	434.7953
3	Inventories	227.9	229.0	244.0	272.0	304.9	333.7	465.0	538.1	786.3	818.1	421.9	224.9827
5	Net working capital	238.6	329.9	257.2	210.7	197.4	335.5	42	294.3	1269.2	3495.9	667.07	1048.733
6	Current ratio	1.85	1.96	1.45	1.49	1.35	1.55	1.04	1.26	1.82	3.74	1.751	0.754313
7	Quick ratio	0.79	0.99	0.98	0.68	0.74	1.71	0.71	1.13	1.38	3.32	1.243	0.799723
9	Inventory turnover ratio	3.68	4.99	5.22	5.49	4.48	4.78	4.39	4.79	6.49	6.38	5.069	0.871964

Source: Compiled from Annual Report of the Suven Life Sciences Pharma Company



Table No. 5 : Working Capital Performance of the Dr. Reddy's Laboratories Pharma Company Limited (Rs. lakhs)

Sl.N o.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Average	Standard deviation
1	Current Assets	14757	18864	22445	39010	42063	47593	69952	85714	103747	119888	56398.3	36803.75
2	Current Liabilities	8686	11650	12715	26529	29021	41015	43460	54091	54063	63995	16022.92	13982.47
5	Net working capital	6071	7214	9730	12481	13042	6578	26492	31623	49684	55843	21875.8	18426.99
6	Current ratio	1.7	1.62	1.77	1.47	1.45	1.16	1.61	1.58	1.92	1.87	1.615	0.22
7	Quick ratio	2.43	2.81	1.94	2.13	1.45	1.95	1.92	2.02	2.70	2.64	2.19	0.43
9	Inventory turnover ratio	5.14	8.72	5.90	6.09	5.39	5.02	5.11	5.57	6.16	5.86	5.86	1.07

Source: Compiled from Annual Report of the Dr.Reddy's Laboratories Pharma Company