

IMPACT OF COVID-19 PANDEMIC ON FINANCIAL PERFORMANCE OF HEALTH CARE SECTORS IN INDIA: A STUDY ON CIPLA LTD.

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Abstract:

Health care service is the prerequisite element and the part and parcel of everyone's daily routine for various reasons in the living creatures on the earth. Presently the whole world is facing the COVID-19 pandemic. In this situation our health care sector playing a very important role to safeguard the public from this pandemic through facing many challenges and opportunities with socio, economic and political issues. To this backdrop the present is examined the impact of covid-19 pandemic on financial performance of health care sectors in India. For this purpose the researcher has taken Cipla Ltd as case study. The study is purely based on secondary data. The required secondary data have been collected through financial report of Cipla Ltd., articles and websites. Hence it can be concluded that, Even though the health care sectors are at high risk in all the aspects such as socio, economic and political in this pandemic, they are working hard to save our nation, to save our people

Key words: COVID-19, Health care sectors, pharmaceutical companies, financial performance.

INTRODUCTION:

The COVID-19 pandemic has created both positive and negative impact on Indian Health Care sectors, especially to the pharmaceutical companies, whole sale and retail pharmaceutical outlets have earned the better profit during lockdown compare to pre COVID-19 pandemic. The Indian pharmaceutical companies have gained the global demand due to the bulk manufacturing and supply of tablets like hydroxychloroquine to many countries. The sale of medicines and medical related products such as mask, hand gloves, sanitizer, hand wash, soaps, personal protective

equipment (PPE) kit, thermal gun etc. have increased and reaches its peak. But due to lack of raw materials which were imported from country like China the industry face the trouble.

REVIEW OF LITERATURE:

ETmarkets.com (2020) based on analysis made by different analysts the private health care sector is supporting the government in all the aspects with 100 percent safety measures in the hospitals. The industry has been witnessing loss of business. The industry is also likely to benefit from the increase awareness about health care.

Kaivaan Movdawalla (2020) with the outbreak of COVID-19 the private healthcare sector is facing heavy loss. The sector is expected to witness short term operational losses to the tune of Rs 14,000 to 24,000 Crore for a quarter. The revenue for the sector in financial year 2021 is also expected to be lower by 20-35% compared to financial year 2020. Hence the Indian healthcare sector needs financial stimulus.

Dr. Anu Grover (2020) the COVID-19 is a global pandemic outbreak in a large geographic area and impact on socio economic factors. COVID-19 Pandemic has stretched infrastructure of even most developed countries, and is expected to cause economic recession.

RESEARCH GAP:

By considering these papers review of literature it is necessary to get in detail about the Impact of COVID-19 pandemic to health care sectors in India. Hence there is a gap in finding the financial position of Indian pharmaceutical companies by comparing the pre and post impact of COVID-19.

OBJECTIVE OF THE STUDY:

- ❖ To discuss the impact of COVID-19 on financial performance of health care sectors in India.
- ❖ To bring out the challenges and opportunities to health care sectors in India due to COVID-19.

HYPOTHESIS:

In the context of this background paper wants to examine, the following hypothesis:

- ❖ H0: There is no Impact of COVID-19 on the Financial Performance on Indian health care sectors.
- ❖ H1: There is an Impact of COVID-19 on the Financial Performance on Indian health care sectors.

RESEARCH METHODOLOGY:

To analyze the impact of covid-19 on financial performance of health care sectors, the researcher has considered only CIPLA Ltd., as a sample unit, which has been randomly selected for the study. The paper consist secondary data.,The required secondary data have been collected through financial report of Cipla Ltd., articles and websites.The company Q4 investors presentation has been bused for collecting the data.

Cipla ltd constantly works towards ensuring access to high quality and affordable medicines to support patients in need. Which is why, they have been trusted by health care professionals and patients across geographies for the last 8 decades.Cipla, as an organization has been built brick-by-brick on the foundation of care. Caring for Life has always been and continues to remain, their guiding purpose. Driven by the same purpose, Cipla have extended their presence to more than 80 countries providing over 1,500 products across various therapeutic categories in more than 50 dosage forms. To make healthcare more affordable globally, they are deepening their presence in the key markets of India, South Africa, and the U.S. among other economies of the emerging world.

RESULT AND DISCUSSION

Table-1: Cipla Ltd announces its Financial Performance – Q4 FY 2020 in that with the comparison to – Q4 FY 2019: Revenues INR 4,376 Cr+7%

Particulars	Q4-March 20 Actuals(Rs Cr)	Q4- March-19 Actuals(Rs Cr)	Difference
Total Revenue from Operations	4,376	4404	- 1%
a) Domestic Sales	1,739	-	13%
b) Int'l Sales	2,563	-	- 6%
c) Other Operating Income	75	-	-44%
EBITDA	652	972	-33%
EBITDA %	15%	22%	-
PAT	246	367	- 33%
PAT %	5.6%	8.3%	-

Source: Report of Cipla Ltd.

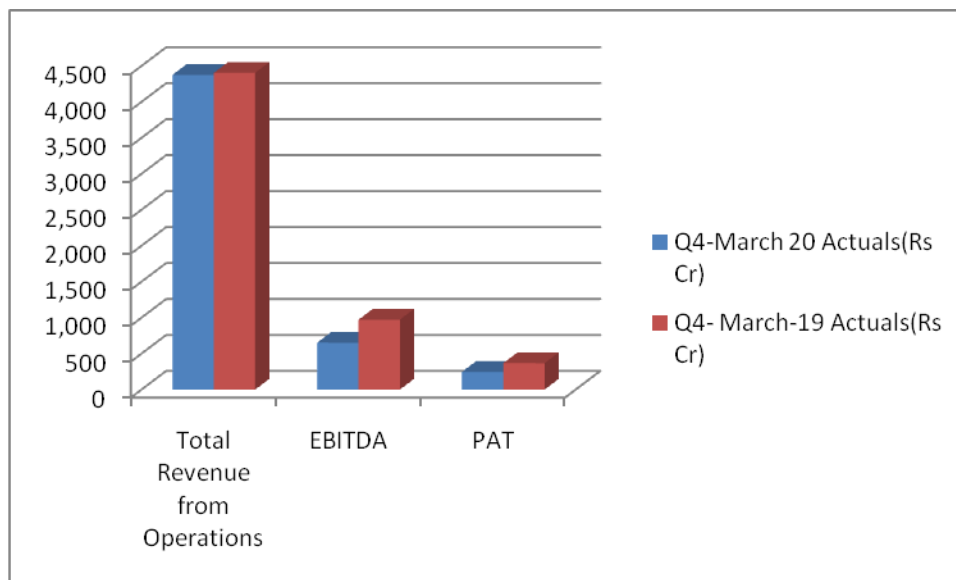


Figure 1: Financial Result between Q4-19 and Q4-20

By analyzing the above financial statements, Revenue from operation INR 4,376 Cr in the financial year 2020 with the growth rate of 7% compare to 2019. The Q4 financial year 2020 statement in -1% in revenue from operation compared with the Q4 financial year 2019 statement. The domestic sales gained by 13% whereas international sales are reduced by 6% compare to financial year 2019 Q4, which is also depicted in fig-1.

Table-2: F-Test Two-Sample for Variances

	Mean	Variance	Observations	df	F	F Critical one-tail
Variable 1	1758	5181652	3	2	1.093	19.000
Variable 2	1914.3	4740336.3	3	2		

Source: Compiled from Table-1

To test the hypothesis of the study, F test for two sample variance has been employed. It is observed from the table-2 is that, the F value is less than critical value ($1.093 < 19$), hence Null hypothesis is accepted, hence it can be concluded that, there is no Impact of COVID-19 on the Financial Performance on Indian health care sectors.

CHALLENGES DUE TO COVID-19:

- Immediate reduction in the inflow of revenue.
- Employee management is one of the biggest challenges inside the premises by maintaining social distance, sanitizing and compulsion of wearing mask.
- Shortage of funds to meet the day to day expenses.
- Transportation.
- Shortage of raw materials which may import from foreign.
- Not able to meet the demand.

OPPORTUNITIES DUE TO COVID-19:

- Increase in the global demand for medicines.
- Created the awareness about health and hygienic in the public. This will be definitely an opportunity to the health care sector in post COVID-19.
- Increase the exports.
- Right time to invest on research and development to invent the vaccine for COVID-19 and showcase their brand globally.
- Attract the funds from primary market.

Limitation of the study:

The research paper considered only one company; and is limited to the extent of secondary data. There is a wide scope for further study on all pharmaceutical companies.

CONCLUSION:

Even though the health care sectors are at high risk in all the aspects such as socio, economic and political in this pandemic, they are working hard to save our nation, to save our people. Through the COVID-19 affects the Indian health care sectors may faces many challenges in the initial stage but definitely they benefited in the future in all the aspects of the economy. The COVID-19 may open the doors of the world economy for the accessing finance, expanding business, earn profits, to do joint ventures and for many more in the health care sector.

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