



Research Paper

Impact of Financial planning on Financial performance-A study of select undertakings

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ABSTRACT

Financial planning is an integral part of financial management which deals with the management of a firm's funds with a view to maximizing profit and the wealth of shareholders. The main aim of this study is to examine the impact of financial planning on financial performance. The sample used in this study are 5 companies of pharmaceutical industry which listed in National stock exchange and secondary data collected for period 2011-2020. Regression analysis were employed to analyze the relationship between the dependent variable and independent variables. Findings show that there is a significant relationship between Financial planning and the financial performance with the R^2 of 43%,30%,45%,36% and38%. Overall, the financial performance of Alkem laboratories Ltd. is highest with comparison of other companies and lowest is cadila Healthcare Ltd. The study findings indicated that Financial planning had positive impact on the financial performance. The study recommended the pharma companies should invest optimum amount infunding decisions, investment decisions and implementing financial policies with maintaining minimum level of profit as it had positive impact on the financial performance, the least variation to the expected results and that leads to highest contribution to operating profit. The study therefore concludes that sound financial planning by the pharma companies lead to a better financial performance as accountability was enhanced through all levels of decision making.

KEYWORDS: Financial planning, Financial performance, pharma companies, Linear regression

Received 12 May, 2021; Revised: 23 May, 2021; Accepted 25 May, 2021 © The author(s) 2021.
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I. INTRODUCTION

Financial Planning is the process of estimating the capital required and determining its composition. It is the process of framing financial policies in relation to procurement, investment and administration of funds of an enterprise. The quantum of funds needed will depend upon the asset's requirements of the business. The time at which funds will be needed should be carefully decided so that finances are raised at a time when these are needed. The next aspect of a financial plan is to determine the pattern of financing. There are a number of ways for raising funds. The selection of various securities should be done carefully. The funds may be raised by issuing of capital and debentures, rising of loans, etc. Which source of finance should be raised and up to what amount these should be raised is very important. Once a pattern of financing is selected then it becomes very difficult to modify it a financial plan also spells out the policies to be pursued for the floatation of various corporate securities, particular regarding the time of their floatation.

Financial planning involves analyzing financial flows of a firm as a whole, forecasting the consequences of various investments, financing and dividend decisions and weighting the effects of various alternatives. Financial planning is the core of financial management. The complex nature of business demands that management should place greater emphasis upon financial planning to secure and employ capital resources in the amount and proportion necessary to increase the efficiency of remaining factors of production. Financial planning is needed both in dynamic and perfect economic conditions. It helps management to avoid waste by furnishing policies and procedures which make possible a closer co-ordination between the various functions of business.

Present scenario of Pharmaceutical companies in India

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. 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. Indian pharmaceutical sector is expected to grow to US\$ 100 billion, while medical device market is expected to grow US\$ 25 billion by 2025. Pharmaceuticals export from India stood at US\$ 16.3 billion in FY20. Pharmaceutical export includes bulk drugs, intermediates, drug formulations, biologicals, Ayush and herbal products and surgical. As of October 2020, India exported pharmaceuticals worth US\$ 13.87 billion in FY21. Pharmaceutical exports from India stood at US\$ 16.28 billion in FY20 and US\$ 2.07 billion in October 2020.

Medicine spending in India is projected to grow 9.12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise. The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

In the present study the sample size is five pharmaceutical companies which consider to examine the impact of financial planning on financial performance.

Alkem Laboratories Limited: Alkem Laboratories Limited is a leading Indian pharmaceutical company with global operations. The company is engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. The company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets in India and international markets. With a portfolio of more than 700 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales. The company also has presence in more than 50 international markets, with the United States being its key focus market.

Cadila Healthcare Ltd : Cadila Healthcare Ltd is a well known research-oriented, technology-driven pharmaceutical company focused on the research areas of biotechnology, formulations and Active Pharmaceutical Ingredients. They are an Indian based pharmaceutical company having their presence around the world. They are having their manufacturing facilities at Ahmedabad, Ankleshwar and Vadodara in Gujarat, Ponda in Goa, Raigad in Maharashtra and Solan in Himachal Pradesh. Cadila Healthcare Ltd, the flagship of Zydus Cadila Group was incorporated in May 1995 and they became a public limited company in July 1996. The company's operation includes pharmaceuticals, which includes human formulations, veterinary formulations and bulk drugs, diagnostics, herbal products, skin care products and OTC products.

Divi's Laboratories Ltd: Divi's Laboratories Ltd is an India based manufacturer of Active Pharmaceutical Ingredients (APIs) and Intermediates. The company is engaged in manufacture of leading generic compounds, Nutraceutical ingredients and custom synthesis of APIs and intermediates for global innovator companies. Divi's is among the largest pharmaceutical companies in India with a portfolio of 120 products across diverse therapeutic areas. The company has four manufacturing facilities and market presence across several countries. Divi's Laboratories Ltd was established in the year 1990 as Divi's Research Center (DRC) with Research & Development as their prime fundamental. During the year 1991-93, the company successfully developed several commercial processes for intermediates and bulk actives and supplies to manufacturing majors. In the year 1994, they changed their name to Divi's Laboratories Ltd to reflect their growing area of operations.

Sun Pharmaceutical Industries Ltd. : Sun Pharmaceutical Industries Ltd. is the fifth largest speciality generic pharmaceutical company in the world. The company manufactures and markets a large basket of pharmaceutical formulations covering a broad spectrum of chronic and acute therapies. It includes generics, branded generics, complex or difficult to make technology intensive products, over-the-counter (OTC) products, anti-retrovirals (ARVs), Active Pharmaceutical Ingredients (APIs) and intermediates. The product portfolio of over 2000 high quality molecules covers multiple dosage forms, including tablets, capsules, injectables, inhalers, ointments, creams and liquids. The products cater to a vast range of therapeutic segments covering psychiatry, anti-infectives, neurology, cardiology, orthopaedic, diabetology, gastroenterology, ophthalmology, nephrology, urology, dermatology, gynaecology, respiratory, oncology, dental and nutritional.

Torrent Pharmaceuticals Ltd.: Torrent Pharmaceuticals Ltd, the flagship company of the Torrent Group, was incorporated in the year 1972. In the year 1980, they started their first manufacturing facility at Vatva and they received their first export order in the year 1983. In the year 1986, they started their second manufacturing plant at Chhatral. In the year 1995, Torrent Gujarat Biotech Ltd plant was commissioned.

II. REVIEW OF LITERATURE

Prior studies reported that Financial planning may have an important effect on the financial performance.

Oduor (2003) carried out a study on the effect of financial planning strategies on the financial performance of the local commercial banks in Kenya analyzing the manner in which financial strategies have impacted the high financial performance of the local commercial banks in Kenya.

Mohammed (2008) determined the importance of financial planning in micro finance firms. The study was addressing the need for such firms to apply financial planning in the management of its resources to enhance efficiency and minimize costs in the micro finance firms in Kenya.

Geroski, Machin and Van Reenen (1993) employ the Arellano and Bond estimator to evaluate effects of corporate profitability from major innovations. They find positive direct effects spread over a period of seven years for a sample of 721 large, quoted U.K. firms and indirect effects up to three times larger than the direct effects.

Eriotiset *al.* (2000) investigated the relationship between debt to equity ratio and firm's profitability taking into consideration the level of a firm's investment and the degree of market power. They concluded that firms which prefer to finance their investment activities through self-finance are more profitable than firms which finance investment through borrowed capital.

Ibam (2007) argued that a company's investment in fixed asset is dependent, to a large degree, on its line of business. Some businesses are more capital intensive than others. According to Ibam (2007) fixed asset turnover ratio looked at asset over time and compares the ratio to that of competitors. This gives the investor an idea of how effectively a company's management is using fixed asset.

Okwo et al. (2012) studied the investment in fixed assets and firm profitability, evidence from the Nigerian Brewery Industry. A cross sectional data was gathered for the analysis from the annual reports of the sampled brewery firms for a period of 1995 to 2009. The result of the tested hypothesis showed that the level of investment in fixed assets does not strongly and significantly impact on the level of reported profit of breweries in Nigeria.

Objectives of the study

The study has been carried out with the aim of analyzing the Financial planning with Financial performance of the selected companies in the pharma sector. The aim of the study has been carried out with the following specific objectives:

1. To study the present scenario of pharmaceutical companies in India.
2. To study the impact of Financial Planning on Financial performance.

Research Hypotheses

To study the impact of Financial planning, the following hypotheses have been proposed:

H₀: Financial planning has no significant impact on financial performance.

H₁: Financial planning has significant impact on financial performance.

III. RESEARCH METHODOLOGY

The study is based on the secondary sources of data collected from selected company's annual reports. In this study the sample of ten years data from 2011 to 2020 of five Indian pharma companies which listed on National Stock Exchange has been taken. The variables used in this research are Return of Assets, Return of Equity, Earnings per share, P/E ratio, Tobin's Q ratio and financial planning extracted from annual reports of the selected companies. Financial planning is taken as Independent variable while Financial performance variables are taken as dependent variable.

Variable's measurement

Financial planning (FP)- Financial planning in the pharmaceutical companies was mainly measured by earnings before interest and tax and the capital employed which comprises of fixed assets plus working capital in a particular period.

Return on Assets (ROA) - The Return on Assets is estimated based on Net profit divided by the total assets obtained from the balance sheet.

Return on Equity (ROE) – The Return on Equity is estimated based on Net profit items divided by total equity items obtained from the balance sheet.

Earnings per share (EPS)- Earnings per share is estimated based on total net profit divided by aggregate quantity of outstanding shares.

P/E Ratio-The P/E ratio is calculated by dividing the market value price per share by the company's earnings per share.

Tobin's Q -Tobin's Q is an instrument which measures the ratio between the market value of a physical assets and the value of its replacement. The Tobin's Q ratio is mostly used to measure the assets of a firm in connection to the market value of the firm's assets. High value of Tobin's Q motivates firms to inject more funds into the business since it is indicated that the funds invested yield much return compared to the cost paid in relation to capital acquired.

Techniques of Analysis

Ratio analysis is a technique adopted to analysis and interpret general financial statements to assess the Financial performance. Further a comprehensive analysis is carried by applying statistical techniques namely mean, standard deviation, co-efficient of variance, correlation and Linear regression

Conceptual Framework

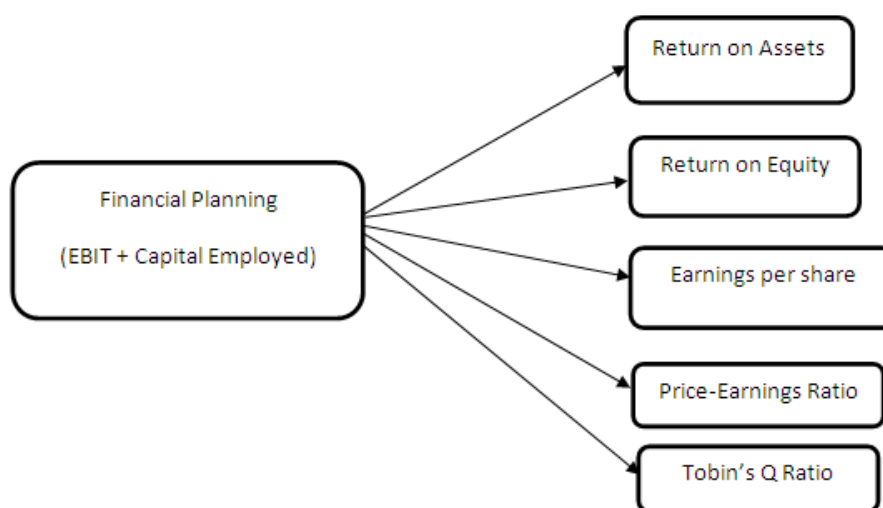


Figure-1: Conceptual Framework of impact of Financial Planning on Financial performance.

Analysis of Financial performance

The Financial performance can be measured with the help of the following ratios.

- 1.Return on Assets
- 2.Return on Equity
- 3.Earnings per share
- 4.P/E ratio
- 5.Tobin's Q Ratio

Table.1: Return on Assets

Company	Mean	S. D	Coefficient of variance
Alkem Laboratories Ltd.	11.50	2.40	20.87
Cadila Healthcare Ltd	11.9	3.9	32.77
Divi's Laboratories Ltd	19.05	3.16	16.59
Sun Pharmaceutical Industries Ltd.	12.35	5.76	46.64
Torrent Pharmaceuticals Ltd.	9.77	4.45	45.55

Source: Computed from the Annual reports of the respective companies

Table 1 reveals the ROA of selected Pharmaceutical Companies in India from 2010-2011 to 2019-2020. This Return on Assets shows a fluctuating trend during the study period. The Divi's Laboratories Ltd. has the highest average ROA of 19.05 per cent and the Torrentpharmaceuticals Ltd. has the lowest average ROA9.77 per cent.

The Sun Pharmaceutical Industries Ltd. has the highest standard deviation of ROA of 5.76 percent. The Alkem Laboratories Ltd. with lowest standard deviation of ROA of 2.40 percentand it is found to be stable in ROA. The Sun Pharmaceutical Industries Ltd. has the highest co-efficient of variance of ROA of 46.64 percent.

The Divi's Laboratories Ltd. has the lowest co-efficient variance of ROA of 16.59 percent and it is found that there is a consistency in ROA than the other Pharmaceutical Companies.

Table.2: Return on Equity

Company	Mean	S. D	Coefficient of variance
Alkem Laboratories Ltd.	18.59	3.75	20.17
Cadila Healthcare Ltd	25.48	7.5	29.43
Divi's Laboratories Ltd	23.72	5.26	22.17
Sun Pharmaceutical Industries Ltd.	16.13	6.75	41.84
Torrent Pharmaceuticals Ltd.	28.93	13.80	47.70

Source: Computed from the Annual reports of the respective companies

Table 2 reveals the ROE of selected Pharmaceutical Companies in India from 2010-2011 to 2019-2020. This ROE shows a fluctuating trend during the study period. The cadila Healthcare Ltd. has the highest average ROE of 25.48 per cent and the Sun pharmaceuticals Industries Ltd. has the lowest average ROE of 16.13 percent.

The Torrent Pharmaceuticals Ltd. has the highest standard deviation of ROE of 13.80 per cent. The Alkem Laboratories Ltd. with lowest standard deviation of ROE of 3.75 per cent and it is found to be stable in ROE. The Torrent Pharmaceuticals Ltd has the highest co-efficient of variance of ROE of 47.70 percent. The Alkem Laboratories Ltd has the lowest co-efficient variance of ROE of 20.17 percent and it is found that there is a consistency in ROE than the other Pharmaceutical Companies.

Table.3: Earning per share

Company	Mean	S. D	Coefficient of variance
Alkem Laboratories Ltd.	36.17	16.71	46.20
Cadila Healthcare Ltd	8.86	3.80	42.89
Divi's Laboratories Ltd	27.37	10.54	38.51
Sun Pharmaceutical Industries Ltd.	12.27	4.35	35.45
Torrent Pharmaceuticals Ltd.	35.27	21.83	61.89

Source: Computed from the Annual reports of the respective companies

Table 3 reveals the EPS of selected Pharmaceutical Companies in India from 2010-2011 to 2019-2020. This EPS shows a fluctuating trend during the study period. The Torrent Pharmaceuticals Ltd. has the highest average EPS of 35.27 per cent and the cadila Healthcare Ltd has the lowest average EPS of 8.86 percent.

The Torrent Pharmaceuticals Ltd. has the highest standard deviation of EPS of 21.83 percent. The cadila Healthcare Ltd. with lowest standard deviation of EPS of 3.80 per cent and it is found to be stable in EPS. The Torrent Pharmaceuticals Ltd has the highest co-efficient of variance of EPS of 61.89 percent. The Sun Pharmaceutical Industries Ltd. has the lowest co-efficient variance of EPS of 35.45 percent and it is found that there is a consistency in EPS than the other Pharmaceutical Companies.

Table.4: P/E Ratio

Company	Mean	S. D	Coefficient of variance
Alkem Laboratories Ltd.	28.94	4.11	14.20
Cadila Healthcare Ltd	26.12	6.45	24.69
Divi's Laboratories Ltd	27.77	7.19	25.89
Sun Pharmaceutical Industries Ltd.	34.91	12.39	35.49
Torrent Pharmaceuticals Ltd.	26.23	14.38	54.82

Source: Computed from the Annual reports of the respective companies

Table 4 reveals the P/E ratio of selected Pharmaceutical Companies in India from 2010-2011 to 2019-2020. This P/E ratio shows a fluctuating trend during the study period. The sun Pharmaceuticals Industries Ltd. has the highest average P/E ratio of 34.91 per cent and the cadila Healthcare Ltd has the lowest average P/E ratio of 26.12 percent.

The Torrent Pharmaceuticals Ltd. has the highest standard deviation of P/E ratio of 14.38 percent. The Alkem Laboratories Ltd. with lowest standard deviation of P/E ratio of 4.11 per cent and it is found to be stable in P/E ratio. The Torrent Pharmaceuticals Ltd has the highest co-efficient of variance of P/E ratio of 54.82 percent. The Sun Pharmaceutical Industries Ltd. has the lowest co-efficient variance of P/E ratio of 14.20 percent and it is found that there is a consistency in P/E ratio than the other Pharmaceutical Companies.

Table.5: Tobin'Q Ratio

Company	Mean	S. D	Coefficient of variance
Alkem Laboratories Ltd.	43.46	17.56	40.40497
Cadila Healthcare Ltd	10.14	13.29	131.0651
Divi's Laboratories Ltd	4.59	0.97	21.1329
Sun Pharmaceutical Industries Ltd.	3.08	1.11	36.03896
Torrent Pharmaceuticals Ltd.	2.05	0.43	20.97561

Source: Computed from the Annual reports of the respective companies

Table 5 reveals the Tobin'Q ratio of selected Pharmaceutical Companies in India from 2010-2011 to 2019-2020. This Tobin'Q ratio shows a fluctuating trend during the study period. The Alkem Laboratories Ltd. has the highest average Tobin'Q ratio of 43.46 per cent and the Torrent Pharmaceuticals Ltd has the lowest average Tobin'Q ratio of 2.05 percent. High value of Tobin's Q motivates firms to inject more funds into the business since its indicated that the funds invested yield much return compared to the cost paid in relation to capital acquired.

The Alkem Laboratories Ltd. has the highest standard deviation of Tobin'Q ratio of 17.56 percent. The torrent pharmaceutical Ltd. with lowest standard deviation of Tobin'Q ratio of 0.43 per cent and it is found to be stable in Tobin'Q ratio. The cadila Healthcare Ltd has the highest co-efficient of variance of Tobin'Q ratio of 131.06 percent. The Torrent Pharmaceutical Ltd. has the lowest co-efficient variance of Tobin'Q ratio of 20.97 percent and it is found that there is a consistency in Tobin'Q ratio than the other Pharmaceutical Companies.

Table.6: 10 years compounded Annual Growth rate (CAGR) for period 2010-11 to 2019-20

Company	ROA CAGR	ROE CAGR	EPS CAGR	P/E ratio CAGR	Tobin's Q CAGR
Alkem Laboratories Ltd.	0.15%	-0.97%	14.61%	-1.38%	-9.6%
Cadila Healthcare Ltd	-10.4%	-10.06%	8.30%	-1.22%	-30.16
Divi's Laboratories Ltd	-1.2%	-2.11	13.5%	5.85%	3.16%
Sun Pharmaceutical Industries Ltd.	-8.06%	-7.61%	7.8%	-1.7%	-10.72%
Torrent Pharmaceuticals Ltd.	-3.6%	-8.05%	13.21%	13.78%	0.74%

Table 6 explains financial performance variables compounded annual growth rate (CAGR) for the period of 10 years. In case of 10 years ROA CAGR, Alkem Laboratories Ltd. ROA growth rate is more than that of other companies and cadila Healthcare Ltd. ROA CAGR is very low because during the period return on assets declines. For 10 years ROE CAGR, Alkem labs Ltd. is registered less negative growth rate with comparison of other companies and Cadila Healthcare Ltd is registered more negative growth rate. The 10 years EPS CAGR of Alkem labs Ltd. is highest with comparison of other companies and lowest is cadila Health Ltd. results in achievable growth rate. The 10 years P/E ratio CAGR of Divi's Laboratories Ltd. is highest with comparison of other companies and lowest is sun Pharmaceutical industries Ltd. results in achievable growth rate. The 10 years Tobin's Q ratio CAGR of Divi's Laboratories Ltd. is highest with comparison of other companies and lowest is cadila Healthcare Ltd. results in achievable growth rate. Overall, the financial performance of Alkem laboratories Ltd. is highest with comparison of other companies and lowest is cadila Healthcare Ltd.

IV. RESULTS AND DISCUSSION

Table - 7: Descriptive Statistics

variables	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Financial planning	17971.70	575178.00	129254	150164.23	1.959	2.69
ROE	3.08	22.96	12.94	5.08	0.153	-0.593
ROE	5.59	56.58	22.57	9.13	1.171	3.283
EPS	4.56	91.04	23.99	17.28	1.575	3.495
P/E Ratio	14.06	57.21	28.79	9.85	1.204	1.459
Tobin'Q Ratio	1.09	78.09	12.67	18.42	1.946	3.228

Table 7 represents the results of descriptive statistics of the dependent variable and independent variables employed in the present study. The descriptive statistics revealed by minimum, maximum, mean, standard deviation, Skewness and Kurtosis. Owing to high variability in the values, variables such as financial planning variable, EPS, P/E ratio and ROE have high mean and standard deviation values.

Table - 8: Correlation Analysis

variables	Financial planning	ROE	ROE	EPS	P/E Ratio	Tobin'Q
Financial planning	1	0.301*	0.452**	0.351*	0.353*	0.323*
ROE	0.301*	1	.535**	0.076	-0.254	-0.046
ROE	0.452**	.535**	1	0.234	-.488**	-0.092
EPS	0.351*	0.076	0.234	1	0.003	0.095
P/E Ratio	0.353*	-0.254	-.488**	0.003	1	-0.006
Tobin's Q Ratio	0.323*	-0.046	-0.092	0.095	-0.006	1

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Table 8 depicts results of correlation analysis of select pharma companies. The Financial planning Variable shows a significant positive relationship with ROE(0.301), ROE(0.452), EPS(0.351), P/E ratio(0.353) and Tobin's Q ratio(0.325). This demonstrates that an increase in effectiveness of Financial planning would increase in overall Financial performance of the pharmaceutical companies and vice-verse.

Table -9: Regression analysis results of Financial planning and Financial performance

Dependent & Independent variable	R-squared	coefficient	std.error	t-value	p-value
ROA $\xrightarrow{\text{FP}}$	0.432	0.301	0.01	-2.189	0.034*
ROE $\xrightarrow{\text{FP}}$	0.302	0.452	0.02	-3.509	0.001*
EPS $\xrightarrow{\text{FP}}$	0.452	0.251	0.03	-1.794	0.043*
P/E ratio $\xrightarrow{\text{FP}}$	0.365	0.353	0.04	2.616	0.012*
Tobin's Q ratio $\xrightarrow{\text{FP}}$	0.384	0.323	0.08	-2.368	0.022*

Note: Here *p<0.05

The study showed the statistical significance of the relationships between the dependent and the independent variables which was measured at a confidence interval of 95%. The hypothesis is to determine the impact of financial planning on financial performance. If the P value of the model was less than the level of significance (0.05) then the independent variables would be taken as having an effect on the dependent variable. The table.9 above shows the impact of financial planning on financial performance. An improve in Financial planning strategies like funding decisions, investment decisions and financial policies will maximize the financial performance. This shows the positive impact of financial planning on ROA of pharma companies. Also, a unit increase in funding decisions will be improve ROA. This also shows the positive impact of financial planning on ROE of pharma companies. A unit increase in financial policies decisions will be will improve EPS. This indicates that there is the positive impact of financial planning on EPS of pharma companies. The P/E ratio and Tobin's Q ratio also shows the positive impact of financial planning on Financial performance of pharma companies. If the Funding decisions and investment decisions increases, then financial performance will be increase. Even an existing concern may require Funding decisions, Investment decisions and implementing Financial policies for making improvements or expanding the business and managing day to day affairs. Given the coefficient of determination (R^2) of the regression models are 43%,30%,45%,36% and 38%, it presumes that the independent variables incorporated into this model have been able to explain the variation of financial performance. The study showed that Financial planning had a significant effect on financial performance.

V. CONCLUSION

An essential purpose of financial planning is to assess the financial resources that will be required to implement the programmes and activities to achieve the goals and targets of the plan, to ensure that funding is available as and when needed, and to monitor the efficient use of resources and of progress towards reaching the goals and targets. The processes employed in the allocation of resources serve as a means for dealing with complex, competing objectives in a manner that ensures organizational success and growth. Prior to financial planning and even during implementation there is need for management to acquire appropriate information on the risk area and their nature so as to reliably assess levels of risk with full understanding of the organization and its internal and external environment. The study therefore concludes that sound financial planning by the pharma companies will lead to a better financial performance as accountability is enhanced through all levels of

decision making. Financial planning is an integral part of financial management which deals with the management of a firm's funds with a view to maximizing profit and the wealth of shareholders. Overall, the financial performance of Alkem laboratories Ltd. is highest with comparison of other companies and lowest is Cadila Healthcare Ltd. The analysis practically reveals that financial planning has a significant effect on the ROA, ROE, EPS, P/E ratio, and Tobin's Q ratio of the selected pharmaceutical companies during the study period. The study concluded that financial planning had a significant positive effect on financial performance.

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