

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE EVALUATION: EVIDENCE FROM INDIAN PHARMACEUTICAL COMPANIES

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ABSTRACT

India is the world's third largest pharmaceutical industry in terms of volume and world's 13th largest pharmaceutical industry by value. The top 8 to 10 companies including Sun Pharma, Lupin, Dr. Reddy's Labs and Cipla occupy 70 to 80 percent of the Indian pharmaceutical market space. It is estimated by a Fitch Group company named India Rating that the Indian pharmaceutical industry will grow at a rate of 20 percent during 2015-2020. The domestic market is expected to do better this time as the projected growth rate is 10-12 percent during 2015-16 as compared to 9 percent in 2014-15. The companies selected in this study were Biocon Ltd, Lupin, Dr. Reddy's Labs, Cipla and Torrent Pharmaceuticals. This paper tries to find out the purpose of the social activities being conducted by the top 5 Pharmaceuticals companies in India. This study used annual reports of selected pharmaceutical companies for the years 2014-15 to 2017-18. The study analyzed the Correlations matrix using SPSS 20 version software. In addition to checking the hypothesis of this study and checking whether there was a relationship between the variables. The hypothesis that was formulated and one way ANOVA test was done. The result shows that there is a significant positive relationship between corporate social responsibility and Financial variables PAT and EPS in selected pharmaceutical companies in India.

Keywords: CSR, Pharmaceutical Sector, PAT, EPS, ANOVA, SPSS, ROCE, ROA.

INTRODUCTION

In India, the origin of the CSR is from the Vedic era, which is known to be donated; social duty that resides throughout the year, changes according to the changing needs of the society. The government is playing an important role to accommodate the understanding of social responsibility, making it compulsory for some organizations to use certain profits in areas that benefit the society. Companies those are unable to do so, give reasons why they are not able to do social work or they have not used the CSR fund.

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The highly anticipated company bill has got Presidential approval on 29 August 2013 and since 1 April 2014, it has become legally binding on companies to become "socially responsible". Companies covered under this Act have any of these requirements:

- Net worth of Rs. five crores or more
- Turnover of Rs. one thousand crores or more
- Net profit of Rs.5 crore or more; during any financial year.

Section 135 of the new Companies Act 2013 reads the CSR rules, making them compulsory to meet the above criteria to remove 2% of the company's net profit for the three immediate financial years promoting socially beneficial activities and projects in India. This paper is basically highlights on selected Pharmaceutical Companies of CSR focus on the activities of companies and examines how they are associated with financial performance and Pharmaceutical Companies are eager to get involved in these types of CSR activities. Pharmaceutical Companies are profit-oriented organizations, so in this perspective, they definitely want to spend money in those areas that will directly or indirectly bring money to them, so obviously there are some positive relationships between CSR and Pharmaceutical Companies financial performance. This study has been done to analyze how Indian Pharmaceutical companies have correlated with CSR and financial performance.

LITERATURE REVIEW

Wijesinghe and Senaratne (2011) inspected the relationship between CSR and corporate financial performance (CFP). This study focuses on the bank, finance and insurance department. The evaluation of CSR's contribution to the GRI is based on ROA and ROE implementation of the rules and financial administration of the GRI. This study invented a tremendous positive relationship between CSR's philanthropy and ROE, ROA. In this way, by extending a large amount of CSR, it provides a large amount of monetary exchanges by guaranteeing it. It was further focused that the general level of CSR's funding was low and as a result there was a need to make further changes in governance, efficiency, social and ecological disclosures, which were really the real parts of social responsibility. **Singh and Pachar (2012)** analyzed the relationship between the corporate social responsibility appropriation and financial governance in India. Their study examined the relationship between corporate social responsibility and budgetary enforcement using experimental strategies. They studied that there was strong money related procedures in the organization in which they have more assets available. He gave special emphasis on social activities. **Vance (1975)** found an inverse relationship between the corporate social responsibility and the profitability of the companies in short run. **Choi, Kwak and Choe (2010)** tried to examine the empirical relation between corporate social responsibility and corporate financial performance from 2002-2008 in Korean companies and found that financial performance of sample companies, measured by ROA, ROE and Tobin's Q had a positive and significant impact on their social performance. Some researchers believe that there is a positive relationship between CSP and CFP. **Freeman (1984)** concluded that CSR helps to minimize the expense of transaction and potential conflict with the stakeholders; hence it is an effective tool to improve the reputation of the company and reduce the risk of the politic at interest and law action.

OBJECTIVE OF THE STUDY

- To study the CSR expenses in the Top 5 Indian pharmaceutical companies in India.
- To analyze the financial performance of selected Indian pharmaceutical companies in India.
- To analyze the relationship of CSR and Financial performance indicator ratios (like PAT, ROA, ROCE, ROE and EPS.)

RESEARCH METHODOLOGY

• Data Collection and Data analysis

In present study researcher used secondary data from annual published reports of selected companies. The study also used for CSR expense data sustainability reports of selected pharmaceutical Companies of India. Data used include corporate social responsibility expenditure, profit after tax and financial ratio for the period of 2014-15 to 2017-2018. An extensive literature viewed to grasp the concept of CSR and the relationship between CSR and the performance of pharmaceutical sector business. Data relating to cost/investment/expenditure for the selected pharmaceutical Companies of corporate social responsibility with financial ratios were used to construct correlation which was analyzed using SPSS 20. To assess the relations as well as test the hypothesis of the study.

SELECTION OF SAMPLES

Indian pharmaceutical industry is one of the largest industries in the world. Today, Indian economy is largely dependent on pharmaceutical. The pharmaceutical industry in India is a key industry of the country's economy. Pharmaceutical industry is 13 largest industries in India. The top 8 to 10 companies including Sun Pharma, Lupin, Dr. Reddy's Labs and Cipla occupy 70 % to 80 % of the Indian pharmaceutical market space. Indian pharmaceutical industry's average growth was 9.7%. The Indian pharmaceutical overall in India contributes over 9 % of GDP in 2017-18. Researcher has selected 5 Indian pharmaceutical Companies working in India as the sample for this study and all selected companies are listed in Bombay Stock Exchange of India.

SAMPLING DESIGN

The study has been carried out on the micro-level, as it is not possible for the researcher to conduct it on the macro-level. The population of the study consists of Indian pharmaceutical Companies and its product all types of the companies having different operations of business and same nature of industries. As the study is to be carried out by the individual researcher it is not easy to select all the companies as the samples for the study. So, the convenient sampling has been done. Researcher has selected 5 (Five) Indian pharmaceutical Companies as sample for the said study.

Name of the Sampled Companies

S.No.	Company Name	Sector
1.	Biocon Ltd	Pharmaceutical
2.	Lupin	Pharmaceutical
3.	Dr. Reddy's Labs	Pharmaceutical
4.	Cipla	Pharmaceutical
5.	Torrent Pharmaceuticals	Pharmaceutical

PERIOD OF THE STUDY

In this study period of the study are covered four years started from 2014-15 to 2017-18.

HYPOTHESIS OF THE STUDY

1.	H ₀	There is no significant difference in Corporate Social Responsibility expenses of selected Indian Pharmaceutical companies.
	H ₁	There is significant difference in Corporate Social Responsibility expenses of selected Indian Pharmaceutical companies.
2.	H ₀	There is no any significant difference in Profit after Tax (PAT) of selected Indian Pharmaceutical companies.
	H ₁	There is no any significant difference in Profit after Tax (PAT) of selected Indian Pharmaceutical companies.
3.	H ₀	There is no significant difference in Return on Assets (ROA) of selected Indian Pharmaceutical companies.
	H ₁	There is significant difference in Return on Assets (ROA) of selected Indian Pharmaceutical companies.
4.	H ₀	There is no significant difference in Return on Capital Employed (ROCE) of selected Indian Pharmaceutical companies.
	H ₁	There is significant difference in Return on Capital Employed (ROCE) of selected Indian Pharmaceutical companies.
5.	H ₀	There is no significant difference in Return on Equity (ROE) of selected Indian Pharmaceutical companies.
	H ₁	There is significant difference in Return on Equity (ROE) of selected Indian Pharmaceutical companies.
6.	H ₀	There is no significant difference in Earning per Shares (EPS) of selected Indian Pharmaceutical companies.
	H ₁	There is significant difference in Earning per Shares (EPS) of selected Indian Pharmaceutical companies.
7.	H ₀	There is no correlation between CSR and Financial variables (PAT, ROA, ROCE, ROE and EPS).
	H ₁	There is correlation between CSR and Financial variables (PAT, ROA, ROCE, ROE and EPS).

TOOLS AND TECHNIQUES

In this research ANOVA test done through excel data analysis and correlations matrix was established through SPSS 20 Version software. Financial performance Ratios were got from selected companies' annual reports and for CSR expenses sustainability reports examined.

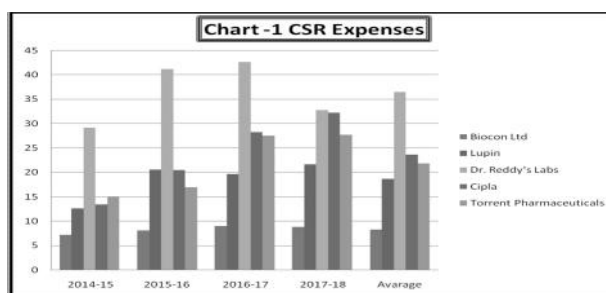
LIMITATION OF THE STUDY

- Ñ In the study secondary data is used which is less viable than the primary data. Secondary data has its own limitations.
- Ñ The study is limited to 5 Indian pharmaceuticals companies which are too small to represent the population.
- Ñ The study is fully dependent on annual reports, sustainability reports, company's website and other financial statement declared by the sampled units.

DATA ANALYSIS AND DATA INTERPRETATIONS**Table 1: CSR Expenses**

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	7.13	8.1	9	8.8	8.26
Lupin	12.6	20.51	19.68	21.68	18.62
Dr. Reddy's Labs	29.17	41.2	42.66	32.81	36.46
Cipla	13.43	20.48	28.25	32.2	23.59
Torrent Pharmaceuticals	15.01	16.91	27.55	27.7	21.79

Source: Annual reports of selected companies



The above table no 1 indicate the data regarding corporate social Responsibility expenses in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of CSR expenses during the study period. It was the highest CSR expenses with 9 cr. Rs. in 2016-17 and the lowest CSR expenses was 7.13 cr. Rs in 2014-15. A Biocon Ltd average CSR expense was 8.26. Lupin Company shows the fluctuated trends of CSR expenses during the study period. It was the highest CSR expenses 20.51 cr.Rs. In 2017-18 while lowest were 12.6 in 2014-15. The average CSR expense was 18.62 cr. Rs. in Lupin Company. In Dr. Reddy's Labs CSR expenses was the highest with 42.66 cr. Rs. in 2016-17, lowest with 29.17 cr. Rs. in 2014-15. The average CSR expense was 36.46 cr. Rs in Dr. Reddy's Labs which shows the highest average CSR expenses among these selected companies. Cipla Company shows the increasing trends during study period. It was the highest CSR expenses 32.20 cr.Rs. In 2017-18 while lowest was 13.43 cr. Rs. in 2014-15. Torrent Pharmaceuticals Company shows the increasing trends during study period. It was the highest CSR expenses with 27.70 cr.Rs. In 2017-18 while lowest was 15.01 cr. Rs. in 2014-15. The average CSR expense was 21.79 cr. Rs. in this company. The average CSR expenses was 36.46 cr. Rs in Dr. Reddy's Labs which was higher than other companies average of CSR expenses.

Table 2: Anova Test of CSR Expenses

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	1646.53	4	411.63	11.73	0.00	3.06
Within selected Pharmaceutical companies	526.45	15	35.10			
Total	2172.98	19				

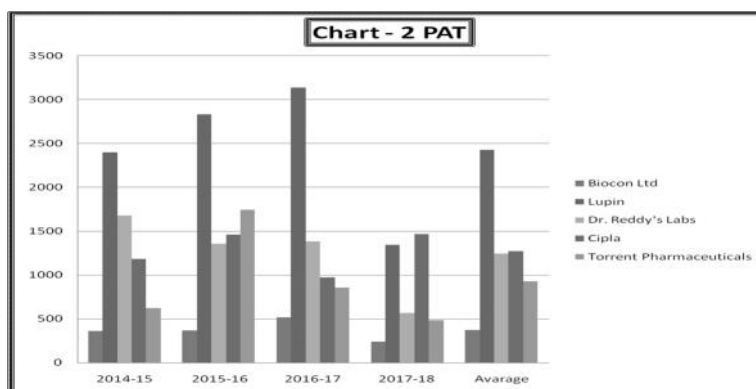
(Computed by Excel Data analysis)

The calculated value of F is 11.73 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c > F_{crit}$. The calculated value of 'F' is greater than the table value. So, The Null hypothesis is rejected and alternative hypothesis is accepted. Hence it is concluded that CSR expenses does differ significantly.

Table 3: PAT

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	361.2	368.6	519.3	238.5	371.90
Lupin	2397.35	2830.87	3141.33	1344.66	2428.55
Dr. Reddy's Labs	1679.4	1354.5	1384.1	566.9	1246.23
Cipla	1181.09	1462.3	974.94	1468.52	1271.71
Torrent Pharmaceuticals	623.18	1742.99	854.22	482.04	925.61

Source: Annual reports of selected companies



The table 3 indicate the data regarding Profit after tax (PAT) in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of PAT during the study period. It is also shows highest PAT with 519.30 cr. Rs. in 2016-17 and the lowest PAT was 238.50 cr. Rs in 2017-18. A Biocon Ltd average PAT was 371.90 cr. Rs. Lupin Company shows the fluctuated trends of PAT during the study period. It was the highest PAT 3141.33 cr. Rs. in 2016-17 while lowest was 1344.66 cr. Rs. in 2017-18. The average PAT was 2428.55 cr. Rs.in Lupin Company. In Dr. Reddy's Labs PAT shows the fluctuated trends during the study period. It was the highest with 1679.40 cr. Rs. in 2014-15, lowest with 566.90 cr. Rs. in 2017-18. The average PAT was 1246.23 cr. Rs in Dr. Reddy's Labs. Cipla Company shows the Fluctuated trends of PAT during study period. It was the highest PAT 1468.62 cr. Rs. in 2017-18 while lowest was 974.94 cr. Rs. in 2016-17. Torrent Pharmaceuticals Company shows the fluctuated trends of PAT during the study period. It was the highest PAT with 1742.99 cr. Rs. in 2015-16 while lowest was 482.04 cr. Rs. in 2017-18. The average PAT was 925.61 cr. Rs. in this company. The average PAT was 2428.55 cr. Rs in Lupin Company which was higher than other companies average of PAT.

Table 4: Anova Test of PAT

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	9063018	4	2265755	9.19	0.00	3.06
Within selected Pharmaceutical companies	3697979	15	246532			
Total	12760998	19				

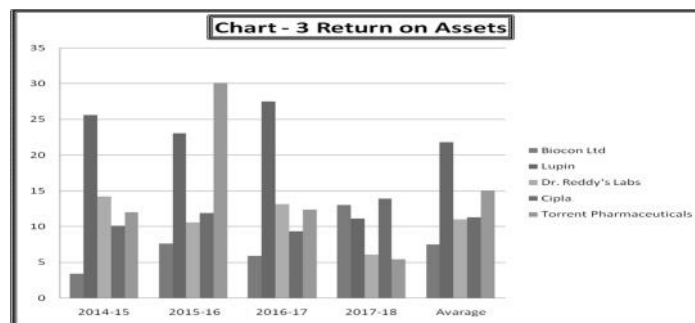
(Computed by Excel Data analysis)

The calculated value of F is 9.19 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c > F_{crit}$. The calculated value of 'F' is greater than the table value. So, The Null hypothesis is rejected and alternative hypothesis is accepted. Hence it is concluded that PAT does differ significantly.

Table 5: Return on Assets

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	3.08	6.95	5.19	10.83	6.51
Lupin	21.77	19.88	17.6	7.19	16.61
Dr. Reddy's Labs	10.2	7.71	8.41	3.31	7.41
Cipla	7.77	9.59	6.24	8.59	8.05
Torrent Pharmaceuticals	9.57	23.91	10.61	4.07	12.04

Source: Annual reports of selected companies



The table 5 indicate the data regarding Return on Assets (ROA) in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of ROA during the study period. It was the highest ROA ratio with 10.83 % in 2017-18 and the lowest ROA was 3.08% in 2014-15. Biocon Ltd average ROA ratio was 6.51%. Lupin Company shows the decreasing trends of ROA ratio during the study period. It was the highest ROA ratio was 21.77 % in 2014-15 while lowest was 7.19 % in 2017-18. The average ROA ratio was 16.61% in Lupin Company. In Dr. Reddy's Labs shows the fluctuated trends of ROA ratio during the study period. It was the highest ROA ratio with 10.20 % in 2014-15, lowest with 3.31% in 2017-18. The average ROA ratio was 7.41 % in Dr. Reddy's Labs. Cipla Company shows the fluctuated trends of ROA ratio during the study period. It was the highest ROA ratio 9.59 % in 2015-16 while lowest was 6.24 % in 2016-17. Torrent Pharmaceuticals Company shows the fluctuated trends of ROA ratio during the study period. It was the highest ROA ratio with 23.91 % in 2015-16 while lowest was 4.07 % in 2017-18. The average ROA ratio was 12.04 % in this company. The average ROA ratio was 16.61 % in Lupin Company which was higher than other companies average of ROA.

Table 6: Anova Test of ROA

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	281.89	4	70.47	2.62	0.08	3.06
Within selected Pharmaceutical companies	403.66	15	26.91			
Total	685.56	19				

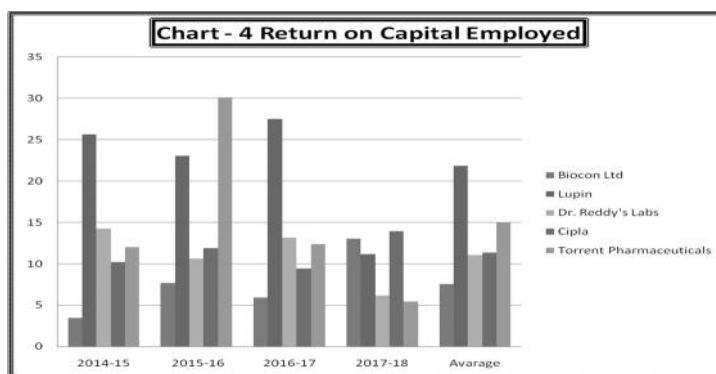
(Computed by Excel Data analysis)

The calculated value of F is 2.62 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c < F_{crit}$. The calculated value of 'F' is less than the table value. The Null Hypothesis is accepted. The results are as per the expectation. Hence it is concluded that ROA does not differ significantly.

Table 7: Return on Capital Employed

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	3.45	7.67	5.91	13.04	7.52
Lupin	25.64	23.05	27.53	11.17	21.85
Dr. Reddy's Labs	14.25	10.61	13.14	6.13	11.03
Cipla	10.17	11.9	9.39	13.93	11.35
Torrent Pharmaceuticals	12.02	30.12	12.38	5.45	14.99

Source: Annual reports of selected companies



The table 7 indicate the data regarding Return on Capital Employed (ROCE) in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of ROCE ratio during the study period. It was also shows highest ROCE ratio with 13.04 % in 2017-18 and the lowest ROCE was 3.45 % in 2014-15. A Biocon Ltd average ROCE ratio was 7.52 %. Lupin Company shows the fluctuated trends of ROCE ratio during the study period. It was the highest ROCE ratio 27.53 % in 2016-17 while lowest was 11.17 % in 2017-18. The average ROCE ratio was 21.85 % in Lupin Company. In Dr. Reddy's Labs shows the fluctuated trends of ROCE ratio during the study period. It was the highest ROCE ratio with 14.25 % in 2014-15, lowest ratio with 6.13 % in 2017-18. The average ROCE ratio was 11.03 % in Dr. Reddy's Labs. Cipla Company shows the Fluctuated trends of ROCE ratio during the study period. It was the highest ROCE ratio 13.93% in 2017-18 while lowest was 9.39 % in 2016-17. Torrent Pharmaceuticals Company shows the fluctuated trends of ROCE ratio during the study period. It was the highest ROCE ratio with 30.12 % in 2015-16 while lowest was 5.45 % in 2017-18. The average ROCE ratio was 14.99 % in this company. The average ROCE ratio was 21.85 % in Lupin Company which was higher than other companies average of ROCE.

Table 8: Anova Test of ROCE

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	473.22	4	118.30	2.96	0.05	3.06
Within selected Pharmaceutical companies	598.54	15	39.90			
Total	1071.76	19				

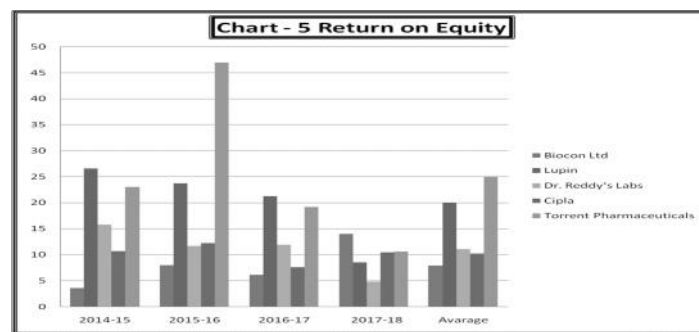
(Computed by Excel Data analysis)

The calculated value of F is 2.96 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c < F_{crit}$. The calculated value of 'F' is less than the table value. The Null Hypothesis is accepted. The results are as per the expectation. Hence it is concluded that ROCE does not differ significantly.

Table 9: Return on Equity

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	3.53	7.94	6.14	13.98	7.90
Lupin	26.55	23.76	21.25	8.51	20.02
Dr. Reddy's Labs	15.79	11.67	11.93	4.8	11.05
Cipla	10.65	12.2	7.61	10.4	10.22
Torrent Pharmaceuticals	23.03	47.01	19.17	10.57	24.95

Source: Annual reports of selected companies



The table 9 indicate the data regarding Return on Equity (ROE) in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of ROE ratio during the study period. It was also shows highest ROE ratio with 13.98 % in 2017-18 and the lowest ROE was 3.53 % in 2014-15. A Biocon Ltd average ROE ratio was 7.90 %. Lupin Company shows the decreasing trends of ROE ratio during the study period. It was the highest ROE ratio 26.55 % in 2014-15 while lowest was 8.51 % in 2017-18. The average ROE ratio was 20.02 % in Lupin Company. In Dr. Reddy's Labs shows the fluctuated trends of ROE ratio during the study period. It was the highest ROE ratio with 15.79 % in 2014-15, lowest with 4.80 % in 2017-18. The average ROE ratio was 11.05 % in Dr. Reddy's Labs. Cipla Company shows the Fluctuated trends of ROE ratio during the study period. It was the highest ROE ratio 12.20 % in 2015-16 while lowest was 7.61 % in 2016-17. Torrent Pharmaceuticals Company shows the fluctuated trends of ROE ratio during the study period. It was the highest ROE ratio with 47.01 % in 2015-16 while lowest was 10.57 % in 2017-18. The average ROE ratio was 24.95 % in this company. The average ROE ratio was 24.95 % in Torrent Pharmaceuticals Company which was higher than other companies average of ROE.

Table 10: Anova Test of ROE

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	851.55	4	212.89	3.03	0.05	3.06
Within selected Pharmaceutical companies	1053.95	15	70.26			
Total	1905.50	19				

(Computed by Excel Data analysis)

The calculated value of F is 3.03 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c < F_{crit}$. The calculated value of 'F' is less than the table value. The Null Hypothesis is accepted. The results are as per the expectation. Hence it is concluded that EPS does not differ significantly.

Table 11: Earnings per Share

Company Name	2014-15	2015-16	2016-17	2017-18	Average
Biocon Ltd	3.98	25.97	18.43	18.06	16.61
Lupin	53.33	62.82	69.56	29.74	53.86
Dr. Reddy's Labs	98.56	79.4	83.48	34.15	73.90
Cipla	14.71	18.2	12.12	18.24	15.82
Torrent Pharmaceuticals	36.82	102.99	50.47	28.48	54.69

Source: Annual reports of selected companies



The table no 11 indicate the data regarding Earnings per Share (EPS) in selected Indian Pharmaceutical companies. Biocon Ltd Company shows the fluctuated trends of EPS ratio during the study period. It was also shows highest EPS ratio with 25.97 Rs in 2015-16 and the lowest EPS was 3.98 Rs. in 2014-15. A Biocon Ltd average EPS ratio was 16.61 Rs. Lupin Company shows the fluctuated trends of EPS ratio during the study period. It was the highest EPS ratio 69.56 in 2016-17 while lowest was 29.74 Rs. in 2017-18. The average EPS ratio was 53.86 Rs. in Lupin Company. In Dr. Reddy's Labs shows the fluctuated trends of EPS ratio during the study period. It was the highest EPS ratio with 98.56 Rs. in 2014-15, lowest with 34.15 Rs. in 2017-18. The average EPS ratio was 73.90 Rs. In Dr. Reddy's Labs. Cipla Company shows the Fluctuated trends of EPS ratio during the study period. It was the highest EPS ratio 18.24 Rs. in 2017-18 while lowest was 12.12 Rs in 2016-17. Torrent Pharmaceuticals Company shows the fluctuated trends of EPS ratio during the study period. It was the highest EPS ratio with 102.99 Rs. in 2015-16 while lowest was 28.48 Rs in 2017-18. The average EPS ratio was 54.69 Rs in this company. The average EPS ratio was 73.90 Rs. in Dr. Reddy's Labs Company which was higher than other companies average of EPS.

Table 12: Anova Test of EPS

Source of Variation	SS	df	MS	F	P-value	F crit
Between selected Pharmaceutical companies	10578.49	4	2644.62	5.79	0.01	3.06
Within selected Pharmaceutical companies	6855.02	15	457.00			
Total	17433.51	19				

(Computed by Excel Data analysis)

The calculated value of F is 5.79 and table value of F is 3.06 (at 5% level of significance). Hence, $F_c > F_{crit}$. The calculated value of 'F' is greater than the table value. So, The Null hypothesis is rejected and alternative hypothesis is accepted. Hence it is concluded that EPS does differ significantly.

Table 13: Correlations

		CSRrs	PAT	ROA	ROCE	ROE	EPS
CSRrs	Pearson Correlation	1	.164	-.171	-.052	-.119	.431
	Sig. (2-tailed)		.490	.471	.827	.617	.058
	N	27	20	20	20	20	20
PAT	Pearson Correlation	.164	1	.761**	.832**	.526*	.563**
	Sig. (2-tailed)	.490		.000	.000	.017	.010
	N	20	20	20	20	20	20
ROA	Pearson Correlation	-.171	.761**	1	.971**	.899**	.593**
	Sig. (2-tailed)	.471	.000		.000	.000	.006
	N	20	20	20	20	20	20
ROCE	Pearson Correlation	-.052	.832**	.971**	1	.864**	.638**
	Sig. (2-tailed)	.827	.000	.000		.000	.002
	N	20	20	20	20	20	20
ROE	Pearson Correlation	-.119	.526*	.899**	.864**	1	.650**
	Sig. (2-tailed)	.617	.017	.000	.000		.002
	N	20	20	20	20	20	20
EPS	Pearson Correlation	.431	.563**	.593**	.638**	.650**	1
	Sig. (2-tailed)	.058	.010	.006	.002	.002	
	N	20	20	20	20	20	20
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

The above table 13 shows the correlation of the variables are presented and analyzed. Researcher has run correlation Matrix. CSR is positively correlated with PAT. The correlation is insignificant at 1 % significant (0.164). CSR is negatively and insignificant correlated with ROA (-0.171), ROCE (-0.52) and ROE (-0.119) at 1 % level of significant. EPS is positively and insignificantly correlated with CSR. PAT is strongly positively and significant correlated with ROA (0.761) at 1 % level of significant. ROCE, ROE and EPS are positively and significantly correlated with PAT. ROCE, ROE and EPS are positively correlated with ROA at 1% significant level. ROE and EPS are positively and significant correlated with ROCE at 1 % level of significant. EPS is positively correlated with ROE (0.650). The correlation is 1 % level of significant. So, it is concluded that there would be significant correlation between CSR and Financial variables. Hence, alternative hypothesis is accepted.

FINDING

- The average CSR expenses were 36.46 cr. Rs in Dr. Reddy's Labs which was higher than other selected Indian Pharmaceutical companies average CSR expenses. The ANOVA result of CSR expenses shows that the difference in CSR expenses is significant at 5 % level of significance.
- The average PAT was 2428.55 cr. Rs in Lupin Company which was higher than other selected Indian Pharmaceutical companies average of PAT. The ANOVA result of PAT shows that the difference in PAT is significant at 5 % level of significance.
- The average ROA ratio was 16.61 % in Lupin Company which was higher than other selected Indian Pharmaceutical companies average of ROA. The ANOVA result of ROA shows that ROA does not differ significantly.
- The average ROCE ratio was 21.85 % in Lupin Company which was higher than other selected Indian Pharmaceutical companies average of ROCE. The ANOVA result of ROCE shows that ROCE does not differ significantly.

- The average ROE ratio was 24.95 % in Torrent Pharmaceuticals Company which was higher than other selected Indian Pharmaceutical companies average of ROE. The ANOVA result of ROE shows that ROE does not differ significantly.
- The average EPS was 73.90 in Dr. Reddy's Labs Company which was higher than other selected Indian Pharmaceutical companies average of EPS. The ANOVA result of EPS shows that the difference in EPS is significant at 5 % level of significance.
- There would be correlation between CSR and financial variables. PAT and EPS are positively correlated with CSR. ROA, ROCE and ROE are negatively correlated with CSR.

CONCLUSION

This research examined relation of CSR toward different financial performance indicator ratios in selected 5 (Five) Indian Pharmaceutical companies. There are some researchers examined positive relation between CSR and Financial ratios and some argument negative relation between these variables. In this study researcher examined Indian Pharmaceutical companies listed companies in Bombay Stock Exchange (BSE) in India to find out is there any relation between CSR and Financial performance through different financial indicators ratios like (PAT, ROA, ROCE, ROE and EPS). The result shows that the there is a significant positive relationship between corporate social responsibility and Financial variables PAT and EPS in selected pharmaceutical companies in India, while other financial variables ROA, ROCE and ROE are negatively correlated with CSR expenses.

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