"A Study on Financial Performance Analysis (Through Profitability Ratios) Of Selected Health-Care and Hospital Industry in India"

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Abstract:
Purpose: in hospital and healthcare industry, check, evaluate the financial performance of selected sample companies and also check financial analysis through profitability ratios.
Research methodology: in the nature of study in this paper, mainly secondary data are collected and in sample of the study researcher have been selected four sample based on net profit & those sample companies were selected which registered in BSE as on 4 august 2023.time period of the study were 5 years from 2018-19- 2022-23. In sampling techniques researcher has used non-probability technique.
Conclusion & findings of the study:
In the net profit margin ratio, return on net worth ratio, return on capital employed ratio and in return on total assets ratio calculated value are more than critical value so null hypothesis has been rejected means there is significant difference in selected healthcare and hospital companies during the study period.

Key Words- **hospital-healthcare, profitability, financial analysis, net profit margin ratio, return on capital employed.**

1. Literature review:

(Gowsalya & Mohammed, 2017) Main aim for the study were to check the company wise performance, to appraise capacity of the company. This paper was completely based on secondary data and in research design has been done was analytical research design. In analytical researcher have been used 'common size analysis, ratio analysis, common size B/S & comparative B/S'. in findings and suggestion, company have to invest less in working capital than current assets, company has try to reduce expenses of interest and financial charges from this way increased in net profit. **(Saraya & prakesh, 2020)** Main objectives of the study were to find out value of the firm through assets and liabilities, to evaluate the financial performance and position of selected companies. Time span for the research was from 2014 to 2019 & this research was completely based on secondary data. **(Mahendran & kishor, 2023)** Main objective of the study was to evaluate liquidity position, profitability, and solvency of selected samples through ratio analysis. In the nature of study researcher has mainly worked on secondary data. Data analysis was done through ratio analysis. For analysing the data researcher have selected time span of 5 years from 2018 – 2022. Findings was, from the calculated ratio researcher could conclude that position of the company was good and healthy. **(Samridhi, 2019)** Aims of the study were analysing financial position of selected sample for 7 years, to evaluate performance in terms of profitability and utilization of assets. Present study was based on exploratory research design and data collection was based on secondary data collected from annual report of sample companies for the year from 2007-2013. In tools and techniques researcher have been done ratio analysis, SWOT analysis, and bar chart. **(kreethi & eswari, 2020)** Purpose of the study were to analyse the position (financial), liquidity & profitability and strength and weaknesses. In the methods of data collection one has been used secondary data with the study period starting from 2014 to 2019 and in tools and techniques researcher used ratio analysis. Findings of the study was good in overall position. **(Lalit, 2017)** Main objectives of the study was to check and evaluate financial and also non-financial both the measure. In accounting techniques ratio analysis, common size financial analysis, & trend analysis and in statistical techniques researcher have been used measure of central tendency, dispersion. **(Kanagaraj & Dakshika, 2021)** Objectives of the study were to evaluate the sample company's position, financial performance in terms of profitability and so on. Period of the study were 7 years and data was collected has been in secondary nature. Ratio analysis has been done as a tools and technique. In statistical tools researcher have been done profitability, solvency, and liquidity and activity ratios. Researcher conclude that performance of the companies were satisfactory. **(Amalendu, somnath, & Gautam, 2011)** Aim of the research paper was to know the financial position with strength & weakness. In the study mainly two pharmaceutical sector were selected but these two were public sector. Period were total 12 years from 1997-98- 2008-09. The study was much helpful to investors. Findings and conclusion of the study were long term solvency of KAPL was lower while liquidity position was much strong in KAPL. **(Magaladevi, 2015)** Primary objective of the study was to know financial strength and weakness for the period of 10 years which starting from 2004-05- 2013-14. In statistical measure company have been used coefficient of variation, linear multiple regression and t-test. Conclusion and findings of the study was liquidity position of TNPL was much poor.

2. Research gap:
After review of the related literature, researcher has find the following research gap:
In the healthcare and hospital industry very few study has been done in terms of performance analysis and in the time span of 2018-19 to 2022-23.

3. Objectives of the study:
To know and evaluate the financial performance (in terms of profitability) of healthcare and hospital industry in India.
To check current year and preceding four years profitability position of selected healthcare and hospital industry in India.

4. Research methodology:
4.1 Sample of the study
In this research four healthcare and hospital sample have been selected based on net profit which were listed in Bombay stock exchange as on 4 august 2023.

Companies	Net profit (IN CRORES)
Apollo hospital	1080
Max healthcare	694.31
Dr.lal path labs	292.40
Narayana hurda	265.64

(Source: www.moneycontrol.com)

4.2 Period of the study
Time period of the study were from five years starting from 2018-19 to 2022-23.
4.3 Sampling technique
In sampling technique researcher has used non-probability technique and in this specifically used judgemental sampling technique.
4.4 Data collection and type of data
This paper was mainly based on secondary data and data have been collected from annual reports of sample companies, money control.

5. Hypotheses of the study:
H_0 =There is no significant difference in selected net profit margin ratios among selected health-care and hospital companies during the study period.
H_0 =There is no significant difference in selected return on net worth ratios among selected health-care and hospital companies during the study period.
H_0 =There is no significant difference in selected return on capital employed ratios among selected health-care and hospital companies during the study period.
H_0 = There is no significant difference in selected return on assets ratios among selected health-care and hospital companies during the study period.

6. Scope of the study:
Scope of the study have been divided in two parts functional scope and geographical scope.
6.1 Functional scope of the study
Functional scope of the study has been a study on financial performance analysis of selected health-care and hospital industry in India.
6.2 Geographical scope
In this paper mainly four healthcare and hospital industries of India are selected so whole India has considered as geographical scope.

7. Tools and techniques of the study:
- **Anova**
- **Ratio analysis**

8. Data analysis and interpretation:
8.1 NET PROFIT MARGIN RATIO

YEAR	APOLLO HOSPITALS	MAX HEALTH-CARE	DR.LAL PATH LABS	NARAYANA HURDA
2018-2019	3.63	-2.2	16.77	2.41
2019-2020	4.8	-4.99	17.52	3.02
2020-2021	1.14	-15.95	18.79	-4.75
2021-2022	10.9	19.15	18.37	5.53

2022-2023	16.62	36.45	16.52	8.97
Avg.	**7.418**	**6.492**	**17.594**	**3.036**
Max.	**16.62**	**36.45**	**18.79**	**8.97**
Min	**1.14**	**-15.95**	**16.52**	**-4.75**

(Source: www.moneycontrol.com)

Above table showed that net profit margin ratio for the period of 2018-19 to 2022-23 for the selected healthcare and hospital companies. Net profit ratio showed net profit to net sales. Net profit margin ratio tells about how much profit has been earned if company has sales amount of 100 rupees. In 2018-19 dr. lal path lab hospital has highest net profit ratio of 16.77 than others and in max health care company has net profit ratio in negative -2.2. Again in this two years dr. lal path lab has highest profit sharing ratio of 17.52 and 18.79 respectively. In 2021-22 max health care has highest net profit ratio 19.15 and 2nd highest was dr. lal path lab. In same year narayana hurda has lowest net profit margin ratio and this was also happened in 2022-23 max health care has highest net profit ratio 36.45 and narayana hurda has lowest profit ratio of 8.97. dr.lal path lab has highest overall average of net profit ratio compared to others and narayana hurda has lowest net profit ratio.

8.2 RETURN ON NET WORTH RATIO:

YEAR	APOLLO HOSPITALS	MAX HEALTHCARE	DR.LAL PATH LABS	NARAYANA HURDA
2018-2019	7.79	-1.78	20.99	4.28
2019-2020	11.79	-10	21.96	5.81
2020-2021	2.01	-2.76	23.01	-7.22
2021-2022	10.88	5.24	23.3	10.9
2022-2023	15.66	9.85	17.3	18.08
Avg.	**9.626**	**0.11**	**21.312**	**6.37**
Max.	**15.66**	**9.85**	**23.3**	**18.08**
Min	**2.01**	**-10**	**17.3**	**-7.22**

(Source: www.moneycontrol.com)

Above table showed that return on net worth ratio for the period of 2018-19 to 2022-23 for the selected healthcare and hospital companies. Return on net worth ratio showed net profit to net worth. Dr. lal path labs has highest net worth in first three years from 2018-19 to 2020-21, return on net worth were 20.99, 21.96 and 23.01 respectively while in these year max healthcare has very lowest net worth ratio accordingly -1.78, -10 & -2.76 respectively. In the year 2021-22 dr. lal path lab has highest return on net worth ratio of 23.3 and very lowest ratio has to max healthcare. In the year 2022-23 highest ratio, that was has narayana hurda about 18.08 and second highest was dr. lal path lab while max healthcare has very lowest ratio. If researcher compare average then dr. lal path has highest average of 21.312 and very lowest average of 0.11 in max healthcare.

8.3 RETURN ON CAPITAL EMPLOYED

YEAR	APOLLO HOSPITAL	MAX HEALTHCARE	DR.LAL PATH LABS	NARAYANA HURDA
2018-2019	10.74	1.81	31.44	6.66
2019-2020	11.5	1.97	28.67	8.4
2020-2021	6.45	2.57	29.44	-4.77
2021-2022	11.96	6.2	27.65	13.78
2022-2023	15.37	7.7	22.52	20.45
Avg.	**11.204**	**4.05**	**27.944**	**8.904**
Max.	**15.37**	**7.7**	**31.44**	**20.45**
Min	**6.45**	**1.81**	**22.52**	**-4.77**

(Source: www.moneycontrol.com)

Above table showed that return on capital employed ratio for the period of 2018-19 to 2022-23 for the selected healthcare and hospital companies. Return on capital employed ratio EBIT to capital employed in the year 2018-19 the dr. lal path lab has highest capital employed ratio of 31.44 while max hospital has lowest capital employed ratio of 1.81. In the year 2019-20 scenario was also same that dr. lal path has highest capital employed ratio of 28.67 and max healthcare has lowest capital employed ratio of 1.97, while in the year 2020-21 dr.lal path lab has highest capital employed ratio than others and negative ratio has narayana hurda of -4.77. in the year 2021-22 mean while three companies have good capital employed ratio except max healthcare of 6.2. In the last year again dr.lal path lab has highest capital employed ratio among others and very lowest capital employed ratio has in max healthcare. In overall average dr. lal path has highest average and max healthcare has lowest average.

8.4 RETURN ON ASSET RATIO

YEAR	APOLLO HOSPITAL	MAX HEALTHCARE	DR.LAL PATH LABS	NARAYANA HURDA
2018-2019	3.59	-1.17	18.32	2.41
2019-2020	4.63	-0.08	16.93	3.05
2020-2021	1.07	-2.3	17.8	-3.74
2021-2022	6.39	4.41	15.54	5.85
2022-2023	10.06	8.24	12.6	9.57
Avg.	**5.148**	**1.82**	**16.238**	**3.428**
Max.	**10.06**	**8.24**	**18.32**	**9.57**
Min	**1.07**	**-2.3**	**12.6**	**-3.74**

(Source: www.moneycontrol.com)

Above table showed that return on assets ratio for the period of 2018-19 to 2022-23 for the selected healthcare and hospital companies. Return on assets ratio net income to average total income In the year 2018-19, 2019-20 and in the year 2020-21 dr.lal path lap have highest return on assets ratio accordingly 18.32, 16.93 & 17.8 respectively while max healthcare have very lowest ratio in the all three years 2018-19, 2019-20, & in 2020-21 accordingly -1.17, -0.08, and -2.3. in the year 2021-22 dr.lal path lab has highest return on asset ratio of 15.54 and and max healthcare has lowest ratio of 4.41 this situation were also same in the year 2022-23 that dr.lal path has highest return in asset ratio of 12.6 and max healthcare has lowest ratio of 8.24. In overall average dr.lal path has highest return on asset ratio of 16.238 and max healthcare has lowest return on asset ratio of 1.82.

9. One-way Anova as statistical tool:

In this research for hypotheses testing researcher used one way one-ANOVA test @ 5% level of significant.

Ratios	F-value	F-Critical	H_0 Accept/ reject
Net profit margin	1.544078	3.238872	H_0 accepted
Return on net worth	8.920904	3.238872	H_0 Rejected
Return on capital employed	18.58142	3.238872	H_0 Rejected
Return on total assets	14.23611	3.238872	H_0 Rejected

(Source: calculated from MS Excel)

Above table showed one way ANOVA of net profit ratios. In the net profit margin ratio F-valuation is lower than F-critical so null hypothesis has been accepted @ 5% level of significance means there is no significant difference in selected net profit margin ratio of selected healthcare and hospital companies during the period the study. In the return on net worth ratio, return on capital employed ratio and in return on total assets ratio calculated value are more than critical value so null hypothesis has been rejected means there is significant difference in selected healthcare and hospital companies during the study period.

10. Suggestion of the study:

In this research company can increased its net profit margin ratio by increasing theirs revenue through expand its sales in more and more geographical area or by increasing sale price of product or services and company can also increase its net profit margin ratio by decreasing cost. Company can increase its net worth by increasing its ability to make profit without much capital, Means Company has to use as best as possible shareholder's fund. Return on capital employed can be increased by reducing its liability through paying off debt. Company can increase its return on net assets by enhancing its profit or by increase its sales by using assets of the company.

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