

# PROFITABILITY OF PRIVATE HEALTHCARE INDUSTRIES IN INDIA: A COMPARATIVE STUDY USING FINANCIAL RATIOS

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## ABSTRACT

*This paper examines the analysis of profitability for private healthcare sector in India. Operating profit and net profit are influenced by the profitability of private healthcare industries. In business, the cycle may have different implications using the differential response of total income and total expenses. The largest private healthcare sector Apollo Hospital Enterprise Limited occupies the bottom-most position due to its poor performance in all sub-parameters. The current trend of the healthcare industries try to support a country economy and boost the employment opportunities in India*

**Keywords:** P&L, Healthcare, Operating Profit, Net Profit,

**JEL:** M0, G11, C88, G29, G28

## Introduction

A healthcare sector is an entity that comprises a big part of the economy. Healthcare mobilizes, allocates, and invests the organization found the tools of profit and loss accounts to easily identify the current situation in the study using the total income and total expenses to calculate the value of operating profit and net profit in healthcare industries.

## Review of Literature

A study entitled (2020). Naelati Tubastuvi and Bima Cinitya Pratama, the results show the degree of Index was positive and significant. The Islamic MFTs are dominate the financial market and could lead to sustainable net profit margin in the future.

A study on (2017) Asfi Manzilati, The banking sector back strength of the nations the financial wealth and economic of the country this study using share system made accessible through partnership, the return with earning. Same implication noted between the micro objective of banks the performance of intermediation followed by the implementation for the affordability and social justice.

A study entitled (2015) Radu Marginean et.al, The supported data Romania also using the correlation and coefficient we could find a and strong relationship between the overall income of the organisation and the employees.

The paper entitled (2014) Luiz Henrique Fernandes Vargas et.al, this paper examined the result show an

environment that has reflects asymmetry problems in regulatory entities should develop government policies to monitor the discretionary choices on financial statements.

A study entitled (2012). Zuca Marilena and Tinta Alice, This result obtains company represent for any manager how measure efficiency the multiple of variables and inputs intermediate management balances. 3. Design of the Study

## Statement of the Problem

The study analyzed the management reports of publicly-traded healthcare industry companies list to identify based market capitalization based on the current covid19 situation many of the industries facing the financial struggle how is the growth going into the study find the present scenario useful for the organization's future. Goals the useful for financially well in the situation, and to make a profit; and loss of the organization in the healthcare sector

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**Objectives of the study**

1. To analyse the Profit and Loss of Private Healthcare Industries during the study period.
2. To evaluate the average of among Private Healthcare Sector overall during the study period.

**Sample Selection of the study**

In this study entirely 19 domestic Healthcare sectors in India. It includes Private Sector Healthcare Industries. The study was restricted to the Domestic Market Capitalization of Private Healthcare organizations. The Domestic market capitalization of the Healthcare Company data was collected on 28/03/2022.

**The Selected Sample based on Domestic Market Capitalization of Banks as on 28/03/2022**

S. No.	Healthcare Companies	Market Capitalization Value (Rs. in Cr.)
1	Apollo Hospitals Ltd.	67,089.92
2	Dr Lal PathLabs	21,352.96
3	Fortis Healthcare	20,534.86
4	Narayana Hrudayalaya	14,756.89
5	Aster DM Healthcare Ltd	9,985.27

Source: www.moneycontrol.com

**Sources and Collection of the Data**

Healthcare statistics reports, and the annual reports of the respective private healthcare organizations through the www.moneycontrol.com, database. The erstwhile sources like various healthcare books, journals, and websites were used.

**Period of the Study**

The present revise investigates the profit and loss account of the Indian Private healthcare sector in India. The data were representative and healthcare sector of Indian during the period from 01st April 2017 to 31st March 2021.

**Tools Used for the Analysis**

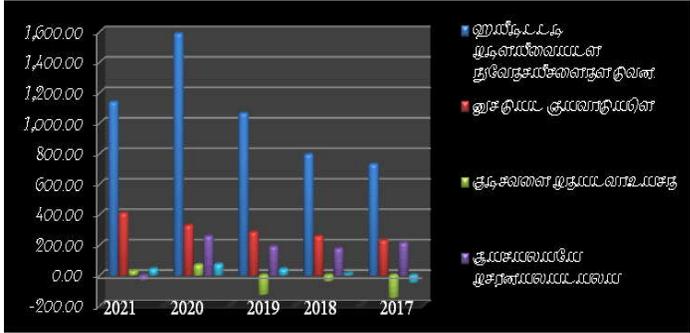
The study mainly used to financial ratios analysis tools used for the analysis Income and Expenses data Operating & Net profit to using the study

**Results and Discussion**

From below charts -4.1 shows what is the status of Operating profit growth and negatively impact our organisation. Apollo Hospital Enterprises continues growth of operating profit of every year but last year decline the operating profit. Dr. Lal Path Labs in during status of operating profit continuously growth every year in positively. The Fortis Healthcare last year only positive growth last decline the operating profit compare last year 50% of operating profit declined remaining three year negatively going on down the study period. Narayana Hrudayalaya is lowest of last year negatively impact previously two growth of operating profit earning from in covid19 situation. Aster DM Healthcare Limited in highest operating profit the year the 2020(Rs.72.62 Cores)

Below table-4.2 shows Apollo Hospital Enterprises highest growth of Net profit of year of 2020 the value of amount Rs. 457.9 cores. Dr. Lal Path Labs in during status of net profit continually growth of every year positively stable in net profit highest growth of value in last year in the study period The Fortis Healthcare last year is 2021 to compare previous year totally decline the net profit in 2017 and 2018 negatively growth of profit. Narayana Hrudayalaya is under the bottom of the table last year during the study period remaining year positively growth of net profit. Aster DM Healthcare Limited in highest value 2020(Rs.60.61) last year below the amount of Rs. -68.78 cores negatively impact.

**The below charts shows the Analysis of Operating Profit Results of Selected Sample Private Healthcare Industries during the study periods from 01.04.2017 to 31.03.2021**



**Analysis of Net Profit Results of Selected Sample Private Healthcare Industries during the study periods from 01.04.2017 to 31.03.2021**

PRIVATE HEALTHCARE INDUSTRIES	NET PROFIT					AVERAGE
	2021	2020	2019	2018	2017	
Apollo Hospitals Ltd.	149.6	457.9	235.07	117.19	178.6	227.7
Dr Lal PathLabs	280.11	223.2	195.44	168.27	152.48	203.9
Fortis Healthcare	4.2	513.3	123.08	-63.72	-74.7	100.4
Narayana Hrudayalaya	-78.67	67.74	50.08	58.42	95.11	38.54
Aster DM Healthcare Ltd	-68.78	60.61	48.07	-87.19	46.71	-0.12

Sources: collected from PROWESS DATABASE computed from MS Excel 2007

**Analysis of Average Results of Selected Sample Private Healthcare Industries during the study periods from 01.04.2017 to 31.03.2021**

PRIVATE HEALTHCARE INDUSTRIES	2017-2021			
	TOTAL INCOME	TOTAL EXPEN DIRUE	OPERATING PROFIT	NET PROFIT
Apollo Hospitals Ltd.	9,553.92	8,408.52	1,062.02	227.67
Dr Lal PathLabs	1,209.18	866.15	300.84	203.9
Fortis Healthcare	1,023.83	702.5	-42.75	100.44
Narayana Hrudayalaya	1,918.63	1,728.08	160.48	38.54
Aster DM Healthcare Ltd	728.1	579.55	23.61	-0.12
<b>AVERAGE</b>	<b>2,886.73</b>	<b>2,456.96</b>	<b>300.84</b>	<b>114.086</b>

From above table-4.3 Apollo Hospital Enterprises highest total income to compare others value of Rs. 9,553.92 cores. The operating profit average best in a position of Apollo Hospital Enterprises Rs. 1,062.02 and industries in during the study period. The average of total income is Rs. 2,886.73 also total expenses Rs. 2,456.96 in overall healthcare organisation well in the positively noted in the study period. The healthcare sectors in average profit Rs.300.84 cores and net profit also in better in the during the study period earnings in covid19 situation

The Apollo Hospital Enterprises continues Total Expenses higher than every year during the study period. Aster DM Healthcare Limited in highest operating profit the year

**Suggestions of the Study**



On the basis of the above findings of the study, important suggestions are given below.

- ❖ The Private Healthcare Sector need to improve their total income against the operating profit.
- ❖ Policy makers could progress the rules and regulations for Health
- ❖ In India, health industry is playing vital role in service sector.

**Limitations of the Study**

The study from following limitations.

- ❖ The study was to only 5 like Private Sector healthcare during the study period from 01st April 2017 to 31st March 2021.

**Findings of Profit and Loss**

- ❖ This study partial to top 5 Private sector healthcare out of 20
- ❖ The study was limited to Private sector healthcare industry only.
- ❖ The data is taken from the moneycontrol.com prowess database.

**Conclusion**

The healthcare sector profit and loss of Apollo Hospital Enterprises highest total income to compare others the lower value of average in Aster DM healthcare limited Total average income from the all healthcare industries than value total expenditure of lower at Aster DM healthcare limited and the highest value of expenses The operating profit average best in a position of Apollo Hospital Enterprises and negative value of Fortis healthcare in the Net profit well in a position the average of lowest negatively impact in bottom position not well the overall average of other healthcare industries in during the study period. The average of total income also total expenses in overall healthcare organisation well in the positively noted in the study period The healthcare sectors in average profit Rs.300.84 cores and

net profit also in better in the during the study period earnings in covid19 situation



### Scope for the Further Research

The following are point towards further research

- ❖ The further research may include more public sectors healthcare each from the Indian healthcare Industry.
- ❖ The more study, researcher may use the tools like, all financial statement ratios
- ❖ The further research may develop the study period.

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