

Financial Performance of a Leading Indian Healthcare Enterprise: A Ratio, Trend and Regression-Based Analysis

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Abstract

This study evaluates the financial performance of a leading Indian healthcare enterprise over the three-year period FY2022–23 to FY2024–25. The study adopts a descriptive and analytical research design and is based entirely on secondary data obtained from audited annual reports and financial statements. Comparative financial statement analysis, ratio analysis, trend analysis, and simple linear regression were used to assess liquidity, operating efficiency, profitability, shareholder returns, and revenue growth. The findings indicate consistent growth in revenue from operations, total assets, and shareholders' equity. Revenue increased from ₹65,248 million in FY2022–23 to ₹82,021 million in FY2024–25, while total assets increased from ₹107,804 million to ₹133,723 million. The current ratio and quick ratio remained above 2.0 throughout the study period, indicating a comfortable liquidity position. Inventory turnover increased from 15.19 to 18.33 times, while trade receivables turnover increased from 7.94 to 10.11 times. Profitability indicators declined during FY2023–24 but recovered in FY2024–25. Earnings per share increased from ₹75.45 to ₹90.15 over the study period. Regression analysis produced an R^2 of 0.9962, indicating a very strong linear fit between financial year and revenue from operations. However, because the regression is based on only three annual observations, the result should be interpreted as indicative rather than conclusive.

Keywords: Financial Performance, Ratio Analysis, Trend Analysis, Regression Analysis, Healthcare Finance, Liquidity, Profitability, Return on Equity, Earnings Per Share.

1. Introduction

Financial performance analysis is an important tool for evaluating an organisation's liquidity, profitability, operational efficiency, shareholder returns, and overall financial stability. Financial statements provide the basic information required for such evaluation, while comparative analysis, financial ratios, trend analysis, and statistical techniques help interpret changes in performance over time.

Healthcare organisations operate in a financially demanding environment involving substantial investments in infrastructure, technology, medical equipment, human resources, and digital services. Rising operating costs and changing patient expectations further increase the importance of maintaining financial efficiency.

The present study evaluates the financial performance of a leading Indian healthcare enterprise during FY2022–23 to FY2024–25. The study combines comparative financial statement analysis with liquidity, efficiency, profitability, shareholder-return, trend, and regression analysis. This provides an integrated assessment of the organisation's financial position and growth trajectory.

The conceptual framework of the study is based on financial statement analysis, ratio analysis, the DuPont analytical framework, and trend analysis. These approaches provide the basis for examining liquidity, efficiency, profitability, shareholder returns, and financial growth.

Research Objectives

The study aims to:

1. Evaluate the financial performance of the selected healthcare enterprise.
2. Examine its profitability and liquidity position.
3. Analyse operating efficiency using turnover ratios.
4. Study trends in major financial indicators.
5. Examine the relationship between financial year and revenue from operations using regression analysis.
6. Identify major strengths and weaknesses in financial performance.

2. Review of Literature

Financial performance analysis in healthcare has been widely examined through financial ratios and operational indicators. Counte et al. (1988) examined financial ratios across hospitals and found that hospital financial condition could be represented through a smaller number of underlying financial dimensions. This supports the use of selected ratios as practical measures of hospital financial performance.

Zeller et al. (1996) examined the classification of hospital financial ratios using data from 2,189 hospitals. Their findings indicated that different ratios capture different dimensions of hospital performance and that a focused group of ratios can provide meaningful information for financial decision-making.

Watkins (2000) revisited hospital financial-ratio classification by incorporating non-financial information. The study highlighted the importance of considering the healthcare operating environment when interpreting traditional financial ratios.

Patel and Ranjith (2018) examined 28 standalone multispecialty private hospitals in India using panel-data regression. Their study identified relationships between financial and operational indicators, demonstrating the importance of combining financial ratios with operating-efficiency measures.

Singh and Wheeler (2012) investigated revenue-cycle management and financial performance among U.S. not-for-profit hospitals. Their findings linked stronger revenue collection and asset utilisation with improved profitability and equity growth.

Vélez-González et al. (2011) examined non-financial performance measures and financial performance among for-profit system hospitals. Their findings demonstrated that operational and non-financial factors can influence hospital financial performance.

Chang et al. (2014) applied the DuPont framework to healthcare organisations and demonstrated the importance of examining profit margin and asset turnover together when evaluating healthcare financial performance.

Overall, the literature suggests that healthcare financial performance is multidimensional and should be assessed through liquidity, efficiency, profitability, working-capital, and shareholder-return measures. However, limited studies have combined ratio analysis, trend analysis, and regression-based revenue analysis to provide an integrated assessment of financial performance in the Indian healthcare sector.

3. Research Methodology

3.1 Research Design

The study adopts a descriptive and analytical research design. The descriptive component presents the financial position of the selected enterprise, while the analytical component evaluates changes in financial indicators and the observed revenue-growth trend.

3.2 Nature and Sources of Data

The study is quantitative and uses secondary data only. No questionnaires, interviews, or surveys were used. The study relies on audited annual reports, standalone financial statements, financial disclosures, and published financial information.

3.3 Study Period

The analysis covers three consecutive financial years:

- FY2022–23
- FY2023–24
- FY2024–25

3.4 Tools of Analysis

The study uses comparative financial statement analysis, current ratio, quick ratio, inventory turnover ratio, trade receivables turnover ratio, net profit ratio, return on equity, earnings per share, trend analysis, and simple linear regression.

Financial year is used as the independent variable and revenue from operations as the dependent variable in the regression model. Since only three annual observations are available, the regression findings are treated as indicative of the observed trend rather than conclusive statistical evidence.

4. Results and Analysis

4.1 Financial Performance

Table 1. Selected Financial Performance Indicators

Particulars	FY 2022–23	FY 2023–24	FY 2024–25
Revenue from Operations (₹ million)	65,248	72,738	82,021
Total Assets (₹ million)	107,804	124,052	133,723
Shareholders' Equity (₹ million)	69,248	77,109	87,342
Current Ratio (times)	2.53	2.68	2.44
Quick Ratio (times)	2.46	2.60	2.35
Inventory Turnover (times)	15.19	18.42	18.33
Receivables Turnover (times)	7.94	8.93	10.11
Net Profit Ratio (%)	16.63	13.89	15.80
ROE (%)	16.64	13.81	15.77
EPS (₹)	75.45	70.28	90.15

Source: Compiled from the audited financial information reported in the study.

The table demonstrates a clear increase in revenue, assets, and shareholders' equity. At the same time, liquidity and profitability indicators experienced some fluctuations, particularly during FY2023–24.

4.2 Descriptive Statistics

Table 2. Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Revenue from Operations (₹ million)	73,335.67	8,402.50	65,248	82,021
Current Ratio	2.55	0.12	2.44	2.68
Quick Ratio	2.47	0.13	2.35	2.60

Inventory Turnover (times)	17.31	1.84	15.19	18.42
Receivables Turnover (times)	8.99	1.09	7.94	10.11
Net Profit Ratio (%)	15.44	1.41	13.89	16.63
ROE (%)	15.41	1.45	13.81	16.64
EPS (₹)	78.63	10.31	70.28	90.15

Source: Study calculations based on the three-year financial data.

The descriptive statistics indicate that revenue had the largest absolute variation because of the increase in the scale of operations. Current and quick ratios showed relatively low variation, indicating a comparatively stable liquidity position. EPS, ROE, and net profit ratio displayed greater variation because of the decline in FY2023–24 followed by recovery in FY2024–25.

4.3 Liquidity Analysis

The current ratio increased from 2.53 in FY2022–23 to 2.68 in FY2023–24 before declining to 2.44 in FY2024–25. Similarly, the quick ratio increased from 2.46 to 2.60 and then declined to 2.35.

Both ratios remained above 2.0 throughout the study period. This indicates that the selected enterprise maintained a comfortable liquidity position and possessed sufficient current and near-cash assets to meet short-term obligations. The decline in FY2024–25 is relatively modest and does not indicate immediate liquidity stress.

4.4 Operating Efficiency Analysis

Inventory turnover improved from 15.19 times in FY2022–23 to 18.42 times in FY2023–24 and remained broadly stable at 18.33 times in FY2024–25. The overall improvement was 20.67%.

Trade receivables turnover increased consistently from 7.94 times to 8.93 times and finally to 10.11 times, representing an overall improvement of 27.33%.

The improvement in these ratios indicates more efficient inventory utilisation and stronger collection of outstanding receivables. The increase in receivables turnover is particularly relevant because efficient collection supports working-capital management.

4.5 Profitability Analysis

Table 3. Profitability Indicators

Indicator	FY 2022–23	FY 2023–24	FY 2024–25
Net Profit Ratio (%)	16.63	13.89	15.80
Return on Equity (%)	16.64	13.81	15.77

The net profit ratio declined from 16.63% to 13.89% in FY2023–24 before recovering to 15.80% in FY2024–25.

ROE followed a similar pattern, declining from 16.64% to 13.81% before recovering to 15.77%.

This movement indicates temporary pressure on profitability and shareholder returns during FY2023–24. The recovery in the following year suggests that the decline was not structural. However, neither measure completely returned to its FY2022–23 level.

4.6 Shareholder Return Analysis

Table 4. Earnings Per Share

Indicator	FY 2022–23	FY 2023–24	FY 2024–25
Earnings Per Share (₹)	75.45	70.28	90.15

EPS declined from ₹75.45 in FY2022–23 to ₹70.28 in FY2023–24, reflecting the decline in profitability. It subsequently increased sharply to ₹90.15 in FY2024–25.

Overall, EPS increased by 19.48% during the study period. The strong recovery suggests improved earnings attributable to shareholders in FY2024–25.

4.7 Comparative Financial Position

Total assets increased from ₹107,804 million to ₹133,723 million, representing a 24.04% increase. Shareholders' equity increased from ₹69,248 million to ₹87,342 million, representing a 26.13% increase.

Revenue from operations increased from ₹65,248 million to ₹82,021 million, representing growth of 25.71%. Profit before tax also increased from ₹12,275 million to ₹16,885 million across the study period.

The overall movement indicates expansion in the scale of operations and strengthening of the financial base, although profit after tax experienced a temporary decline in FY2023–24.

5. Trend Analysis

Table 5. Trend Analysis

Indicator	FY 2022–23	FY 2024–25	Net Change	Trend
Revenue from Operations	₹65,248 Mn	₹82,021 Mn	+25.71%	Increasing
Total Assets	₹107,804 Mn	₹133,723 Mn	+24.04%	Increasing
Shareholders' Equity	₹69,248 Mn	₹87,342 Mn	+26.13%	Increasing
Current Ratio	2.53	2.44	–3.56%	Fluctuating
Quick Ratio	2.46	2.35	–4.47%	Fluctuating
Inventory Turnover	15.19x	18.33x	+20.67%	Increasing
Receivables Turnover	7.94x	10.11x	+27.33%	Increasing
Net Profit Ratio	16.63%	15.80%	–0.83 pp	Fluctuating
Return on Equity	16.64%	15.77%	–0.87 pp	Fluctuating
EPS	₹75.45	₹90.15	+19.48%	Fluctuating

Source: Trend calculations based on the study data.

The trend analysis shows strong growth in revenue, assets, equity, inventory turnover, and receivables turnover. In contrast, liquidity and profitability indicators followed a fluctuating pattern, with FY2023–24 acting as the main turning point.

6. Regression Analysis

Table 6. Regression Results

Particular	Result
Dependent Variable	Revenue from Operations
Independent Variable	Financial Year
Observations	3
Regression Equation	$Y = 56,562.67 + 8,386.50X$
Slope Coefficient	8,386.50
R^2	0.9962

The regression results indicate a very strong linear association between financial year and revenue from operations. The regression equation, $Y = 56,562.67 + 8,386.50X$, indicates an average increase of approximately ₹8,386.50 million in revenue for each successive financial year. The R^2 value of 0.9962 indicates that 99.62% of the observed variation in revenue is explained by the linear trend model. However, since the analysis is based on only three annual observations, the result should be interpreted as indicative rather than conclusive.

However, this result must be interpreted cautiously. With only three annual observations, the high R^2 demonstrates the strength of the observed historical pattern but cannot establish a statistically reliable long-term predictive relationship. Therefore, the regression result should be treated as indicative evidence of the observed revenue trend rather than conclusive statistical evidence.

7. Discussion

The findings are broadly consistent with the literature, which identifies liquidity, operating efficiency, profitability, and working-capital management as important components of healthcare financial performance.

The selected enterprise experienced consistent growth in revenue, total assets, and shareholders' equity. The improvement in inventory and receivables turnover further indicates stronger operating and working-capital efficiency.

However, profitability and liquidity did not follow a continuously increasing pattern. The decline in net profit ratio, ROE, and EPS during FY2023–24 indicates temporary financial pressure. Their recovery in FY2024–25 suggests that the pressure was substantially reversed.

The divergence between steady scale-based growth and fluctuating profitability highlights the importance of evaluating financial performance through multiple indicators rather than relying solely on revenue growth.

8. Findings

The major findings are:

1. Revenue from operations increased by 25.71%, from ₹65,248 million to ₹82,021 million.
2. Total assets increased by 24.04%.
3. Shareholders' equity increased by 26.13%.
4. Current and quick ratios remained above 2.0 throughout the study period.
5. Inventory turnover improved by 20.67%.
6. Trade receivables turnover improved by 27.33%.
7. Net profit ratio and ROE declined in FY2023–24 but recovered in FY2024–25.
8. EPS increased by 19.48% over the study period.
9. Revenue demonstrated a strong upward trend.
10. Regression analysis produced an R^2 of 0.9962, indicating an exceptionally strong observed linear relationship between financial year and revenue.

9. Managerial Implications

The findings suggest several implications for healthcare financial management.

First, continued investment in medical technology, infrastructure, and digital healthcare services can support operational efficiency and long-term growth. Second, management should monitor the modest decline in current and quick ratios to ensure that expansion does not adversely affect liquidity.

Third, the improvement in receivables turnover should be sustained because efficient collection contributes to stronger working-capital management. Finally, continued cost control is important to protect net profit margins and ROE against temporary financial pressures.

Periodic ratio and trend analysis can also help management identify emerging changes and take corrective action in a timely manner.

10. Conclusion

The study concludes that the selected Indian healthcare enterprise maintained a generally strong financial position during FY2022–23 to FY2024–25. Revenue, total assets, and shareholders' equity increased consistently, demonstrating continued expansion in the scale of operations.

Liquidity remained comfortable throughout the period, while inventory and receivables turnover improved considerably. Profitability and shareholder returns experienced a temporary decline during FY2023–24 but recovered strongly in FY2024–25.

Trend analysis confirms positive growth in the major scale and efficiency indicators. Regression analysis also demonstrates a very strong observed linear relationship between financial year and revenue, with an R^2 of 0.9962. Nevertheless, the small number of observations limits the ability of the regression model to provide conclusive predictive evidence.

Overall, the study indicates that sustained operational efficiency, cost discipline, liquidity management, and investment in healthcare infrastructure and technology are important for maintaining long-term financial performance.

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