

ASSOCHAM

FINANCIAL

PULSE

STUDY

“Financial Health of the Indian Healthcare Industry”

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INTRODUCTION

Healthcare always promotes people to seek medical care and necessities, therefore not feasible to be sacrificed like many other consumer goods and services. Assocham Research Bureau has carried out an analysis of financial result of the healthcare services providers which are engaged in such activities.

The Study is conducted under the brand name of Assocham Financial Pulse (AFP). The report presents the growth of Indian Healthcare Services sector by analyzing the financial performance of companies catering to India's healthcare services sector.

DATA SOURCE

The report is prepared on the data posted by companies on the Bombay Stock Exchange (BSE).

SAMPLE SIZE

The ASSOCHAM Research Bureau (ARB) has taken 10 Healthcare groups which are engaged in medical care facilities, specialist clinics, hospitals and medical diagnostic centers for the performance analysis of the healthcare services.

PARAMETERS

The analysis of the healthcare services is based on the parameters including total income, net profit after tax, total expenses and employee cost.

When the whole world was reeling under the heat of global slowdown, one sector which remained largely untouched from the slowdown and registered healthy growth during the first quarter of the current fiscal is healthcare industry. Healthcare always promotes people to seek medical care and necessities, therefore not feasible to be sacrificed like many other consumer goods and services.

The other reason behind the growth of healthcare services may be the increase in per capita income of people leading to better affordability of health care services. If we analyse the global scenario for healthcare services, India has a comparative cost advantage through which it provides better and cheap healthcare services than most of other countries. With the booming healthcare industry, medical tourism has also grown at a significant pace over the recent years.

According to the Assocham Financial Pulse (AFP) Study on “Financial Health of the Indian Healthcare Industry”, Indian healthcare is fast growing with initiatives by the government and the private sector. The healthcare industry registered 44 per cent growth in total income during the first quarter of FY '10.

The analysis of the healthcare industry is based on the quarterly results posted by 10 Indian healthcare related hospitals on Bombay Stock Exchange (BSE) between 15th July – 31st July 2009. The AFP analysis of the Indian Healthcare Industry has been based on parameters including total income, employee cost, total expenditure and net profit

The healthcare industry includes medical care providers, specialist clinics, hospitals and medical diagnostic centers. In term of income and employment, healthcare is one of the India's largest service sectors. As per the AFP study, the net profit of 10 healthcare hospitals has grown by 42.44 per cent during the first quarter of the current fiscal as against the corresponding period last year.

In healthcare sector, the 10 major groups registered a growth of 23.94 per cent in total income and 21.37 per cent in total expenditure in the first quarter of FY '10. While the

employee cost increased by 22.24 per cent during the Q1 FY '10 as compared to the same period in last year.

Growth of Indian Healthcare Industry During Q1 FY '10	
Parameter	Growth in %age
Total income	23.94
Net profit after tax	42.44
Total expenditure	21.37
Employment cost	22.24

Source: Assocham Financial Pulse (AFP)

Healthcare services provider such as Apollo hospital, Piramal Healthcare, Cadila and Glaxosmithkline registered major growth in net profit and employment cost during the first quarter of FY '10 as compared to the same period last year.

Asia's largest healthcare group Apollo hospital registered 23.36 per cent growth in total income and 53.06 per cent growth in net profit during Q1 FY '10. Whereas total expenditure also registered 23.41 per cent growth in which employment cost increased by 30.75 per cent during the first quarter of FY '10 as compared to the same period last year.

The globally integrated healthcare company Piramal healthcare registered 16.48 per cent growth in total income and 45.48 per cent in net profit during the period. The total expenditure grew at the rate 11.74 per cent, employment cost increased by 13.20 per cent during Q1 FY '10 as compared to the same period last year.

Other major healthcare group such as Cadila and Glaxosmithkline registered 26.54 per cent and 24.15 per cent growth in total income. The net profit of these groups grew by 32.69 per cent and 19.56 per cent respectively where as the total expenditure increased by 26.43 per cent and 21.80 per cent respectively during the first quarter.

In the healthcare segment, other major healthcare groups including Fortis hospitals group, Kovai Medical Center and Hospital Limited, Malar Hospitals Limited, Sharma East India Hospitals & Medical Research Limited, Siemens Healthcare Diagnostics Ltd. and TTK

Healthcare Limited registered growth in total income, net profit and total expenditure including employment cost.

Fortis hospital limited registered 155 per cent growth in total income during the Q1 FY '10 as compared to the same period in last year, whereas the group registered just 8.33 percent growth in net profit. The group shows 19.52 per cent increase in total expenditure and the employment cost of the group grew by 39.65 per cent during the first quarter of FY '10 as compared to the same period in last year.

Healthcare groups such as TTK Healthcare Limited and Siemens Healthcare Diagnostics Ltd. registered 91.44 per cent and 17.96 per cent growth in total income respectively. Both groups registered more than 500 per cent growth in net profit during the period. The total expenditure of the groups registered a growth of 43.15 per cent and 13.23 percent of which employment cost increased by 48.64 percent and 22.29 percent during the first quarter of FY '10 as compared to the same period in last year.

Other healthcare service provider which registered growth in net profit and employment cost were Kovai Medical Center and Hospital Limited (64.22 per cent and 34.17 per cent), Malar Hospitals Limited (126.98 percent and 217.93 percent) and Sharma East India Hospitals & Medical Research Limited (25.28 percent and 26.50 percent).

ANNEXURE

The following Healthcare Companies/Groups have been taken for the study:

S.No.	Healthcare Company/Group
1	Apollo
2	Cadila
3	Fortis
4	Glaxosmithkline
5	Kovai Medical Center and Hospital Limited
6	Malar Hospitals Limited
7	Piramal Healthcare
8	Sharma East India Hospitals & Medical Research Limited
9	Siemens Healthcare Diagnostics Ltd.
10	TTK Healthcare Limited