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Financial Health and Sustainability Analysis in Gerdi Gutperle Agasthiyar Muni Child Care Centre, Vellamadam

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Abstract

This study evaluates the financial health and sustainability of Gerdi Gutperle Agasthiyar Muni Child Care Centre (GGAMCCC), Vellamadam, Kanyakumari District, a charitable children specialty and maternity care hospital with German collaboration. The study covers five years from FY 2020–21 to FY 2024–25, using secondary data from the institution's published balance sheets and income and expenditure statements. An analytical research design has been adopted. Financial tools including ratio analysis, trend analysis, comparative balance sheet, the Sustainability Scorecard Approach, and Return on Investment (ROI) analysis are employed. The findings reveal that GGAMCCC demonstrated a consistent and commendable improvement in financial health over the study period. The institution maintained strong liquidity, extremely low debt levels, and progressively improving asset utilization and operating surplus. The Sustainability Scorecard confirms a transition from a moderate to a highly sustainable financial position, with scores reaching 24 out of 25 in the latest years. However, the very high liquidity ratios suggest scope for better deployment of available funds to enhance returns and expand services.

Keywords: Financial Health, Healthcare, Liquidity, Ratio Analysis, Return on Investment, Solvency, Sustainability.

Introduction

Financial health and sustainability are foundational pillars of an effectively functioning healthcare organization. In an era of escalating medical costs, shifting patient demographics, and evolving healthcare regulations, hospitals and child care centres must demonstrate not only the ability to meet their short-term obligations but also the capacity to sustain operations and expand services over the long term. For charitable and service-oriented healthcare institutions in particular, the challenge of achieving financial stability without compromising service quality or affordability presents a unique and persistent dilemma.

Gerdi Gutperle Agasthiyar Muni Child Care Centre (GGAMCCC), located in Vellamadam, Kanyakumari District, Tamil Nadu, is a children specialty and maternity care hospital established in collaboration with German partners. Founded with the vision of providing quality healthcare primarily to economically underprivileged children and families in the southern districts of Tamil Nadu, GGAMCCC offers an extensive spectrum of services encompassing preventive, curative, and rehabilitative care. Given its charitable orientation and dependence on a mix of patient fees and philanthropic support, a rigorous evaluation of its financial health and long-term sustainability is both timely and essential.

Financial health refers to the current financial condition of an organization and its ability to manage resources efficiently, meet short-term and long-term obligations, and maintain stable operations. Financial sustainability, in contrast, focuses on the long-term capacity of the institution to continue its operations, invest in growth, manage financial risks, and adapt to changing conditions without facing financial distress. Both dimensions are assessed in this study through the systematic analysis of five years of balance sheet and income and expenditure data from FY 2020–21 to FY 2024–25.

The significance of this study lies in its focus on a micro-level charitable healthcare institution, a segment that remains understudied in existing financial management literature. By integrating multiple analytical tools — ratio analysis, trend analysis, comparative balance sheet, sustainability scorecard, and ROI analysis — this study provides a holistic assessment of GGAMCCC's financial trajectory, identifying both its strengths and areas requiring strategic attention.

Literature Review

Olusegun Bamidele Oso et al. (2025) explored blended financing models for healthcare development in frontier markets, proposing a framework that integrates private equity, government funding, and philanthropic capital to achieve financial sustainability.

Vijaykumar Ganpat Naik and Dr. Gourav Gupta (2024) investigated financial management practices in hospitals and rehabilitation centres, emphasizing the balance between cost efficiency and patient satisfaction.

Najwa Ali Huraysi et al. (2023) examined stakeholder preferences for healthcare financing sustainability policies in Saudi Arabia, providing a framework for evidence-based policy formulation.

Sneha Lata Das et al. (2022) analysed working capital management and financial health of Indian private hospitals post-COVID-19, finding that hospitals adopted delay payment strategies to manage capital gaps during the pandemic.

Anastasios Sepetis (2020) investigated sustainable finance in healthcare systems and proposed ESG factor integration as a basis for evaluating hospital financial sustainability.

Research Gap

Although several studies have examined financial management and sustainability in the healthcare sector, most of the existing research focuses on large corporate hospitals, public healthcare systems, or policy-level financial reforms. Limited studies have been conducted on small and medium-sized specialty hospitals, particularly child care and maternity centre's operating in semi-urban regions. Moreover, very few studies integrate five-year balance sheet trend analysis with sustainability indicators to assess long-term financial stability at the institutional level. There is a lack of micro-level financial sustainability analysis specific to charitable and service-oriented healthcare institutions in Tamil Nadu. Hence, this study attempts to bridge this gap by conducting a comprehensive five-year financial health and sustainability analysis of Gerdi Gutperle Agasthiyar

Muni Child Care Centre, providing institution- specific insights for strategic financial planning and long-term sustainability.

Research Methodology

The study adopts an analytical research design aimed at evaluating the financial health and sustainability of GGAMCCC over a five- year period from FY 2020–21 to FY 2024–25. It is entirely based on secondary data collected from the institution’s published balance sheets and income and expenditure statements for the five financial years. The study focuses on GGAMCCC, Vellamadam, Kanyakumari District, as the sample unit. Data was collected over a three-month period from January 2026 to April 2026. Financial analytical tools employed include ratio analysis, trend analysis, comparative balance sheet analysis, the Sustainability Scorecard Approach, and Return on Investment (ROI) analysis. These tools collectively assess liquidity, solvency, efficiency, sustainability, and investment performance across the study period. The study is limited to financial aspects derived from secondary data and does not address non- financial factors such as staff performance or external environmental variables.

Objectives of the Study

1. To assess the overall financial sustainability of the institution by integrating results from ratio analysis and sustainability indicators.
2. To compare the financial performance of the healthcare service over the study period using comparative financial statements.

Limitation of the Study

1. The study is based on secondary data, which may not reflect real-time changes in financial performance.
2. The study focuses only on financial aspects, ignoring non-financial factors like staff performance, and external environment.

Data Analysis and Interpretation

Ratio Analysis

Ratio Analysis is a quantitative technique that establishes relationships between two or more items from financial statements including the balance sheet, income statement, and cash flow statement. It is used to evaluate the liquidity, solvency, efficiency, profitability, and sustainability of an organization, enabling meaningful comparisons over time and against benchmarks.

(A) Liquidity Ratios

Table 1 Current Ratio

Year	Current Ratio
2020–2021	4.07
2021–2022	5.47
2022–2023	6.26
2023–2024	7.55
2024–2025	7.91

Source: Secondary Data

Interpretation: The current ratio shows a continuous upward trend from 4.07 in 2020–21 to 7.91 in 2024–25. Even the lowest value far exceeds the standard benchmark of 2.0, indicating

exceptionally strong short-term liquidity throughout the period. This reflects the institution's robust ability to meet its current liabilities comfortably. However, such a very high ratio may also suggest underutilization of current assets, warranting more efficient deployment of liquid resources.

Table 2 Quick Ratio

Year	Quick Ratio
2020–2021	2.69
2021–2022	4.18
2022–2023	4.81
2023–2024	6.47
2024–2025	6.66

Source: Secondary Data

Interpretation: The quick ratio has steadily increased from 2.69 in 2020–21 to 6.66 in 2024–25. These values substantially exceed the standard benchmark of 1.0, indicating that the institution can meet all its urgent obligations without liquidating inventory. The consistent improvement demonstrates strengthened liquidity management, though the high ratio also reflects potential excess liquidity that could be channelled more productively.

(B) Solvency Ratios

Table 3 Debt-to-Equity Ratio

Year	Debt-to-Equity Ratio
2020–2021	0.07
2021–2022	0.10
2022–2023	0.09
2023–2024	0.10
2024–2025	0.10

Source: Secondary Data

Interpretation: The debt-to-equity ratio has remained extremely low throughout the study period, ranging between 0.07 and 0.10. This indicates that the institution finances its operations almost entirely through internal equity rather than external debt, reflecting a highly conservative and financially stable capital structure. The low reliance on debt minimizes financial risk and ensures sustained solvency, although selective leverage could be considered for future capacity expansion.

Table 4 Debt-to-Assets Ratio

Year	Debt-to-Assets Ratio
2020–2021	0.07
2021–2022	0.09
2022–2023	0.09
2023–2024	0.09
2024–2025	0.09

Source: Secondary Data

Interpretation: The debt-to-assets ratio shows a marginal increase from 0.07 in 2020–21 to 0.09 in subsequent years and remains stable thereafter. This indicates that only about 9% of the institution’s total assets are financed through debt, reflecting an extremely low level of financial leverage. This position substantially reduces the institution’s vulnerability to financial shocks and confirms strong long-term solvency.

(C) Efficiency Ratios

Table 5 Asset Turnover Ratio

Year	Asset Turnover Ratio
2020–2021	0.51
2021–2022	0.67
2022–2023	0.74
2023–2024	0.80
2024–2025	0.83

Source: Secondary Data

Interpretation: The asset turnover ratio has shown a consistent improvement from 0.51 in 2020–21 to 0.83 in 2024–25. This upward trend indicates increasingly efficient utilization of assets to generate revenue over the study period. The improvement reflects better capacity utilization and revenue growth, demonstrating that the institution is progressively extracting greater value from its asset base.

(D) Sustainability Ratios

Table 6 Operating Surplus Ratio

Year	Operating Surplus Ratio (%)
2020–2021	-0.19
2021–2022	6.59
2022–2023	10.98
2023–2024	6.04
2024–2025	9.14

Source: Secondary Data

Interpretation: The operating surplus ratio shows a remarkable turnaround over the study period. Starting at -0.19% in 2020–21, indicating an operating deficit where expenses slightly exceeded revenue, the ratio improved dramatically to a peak of 10.98% in 2022–23. Although it moderated to 6.04% in 2023–24, the ratio recovered to 9.14% in 2024–25. This trajectory demonstrates significantly improved cost management, revenue growth, and operational efficiency, confirming the institution’s growing financial sustainability.

Trend Analysis

Trend analysis is a financial analysis method that examines the pattern of financial data over time by comparing figures across several years against a base year. The base year for this study is FY 2020–21 (index = 100). The trend analysis of GGAMCCC’s key financial variables over the five-year period from FY 2020–21 to FY 2024–25 reveals a consistent pattern of growth across all dimensions. Total assets expanded steadily from the base value of 100% to 139% by FY 2024–25, reflecting continuous investment in infrastructure, equipment, and service capacity. Total liabilities, while increasing from 100% to 195%, represent a controlled expansion supporting

operational growth and remain a small fraction of total assets. On the revenue side, total revenue grew impressively from 100% in FY 2020–21 to 228% in FY 2024–25, substantially outpacing the growth in total expenses, which rose from 100% to 203% over the same period. This divergence between revenue and expense growth is particularly significant as it indicates improving operational efficiency, better cost containment, and enhanced surplus generation over the study period. Collectively, the trend analysis confirms a sustained trajectory of financial strengthening and growth at GGAMCCC across all five years of the study.

Comparative Balance Sheet

A comparative balance sheet presents a company’s financial position at two or more distinct points in time, enabling year-on-year comparison of assets, liabilities, and equity. It helps identify directional changes in the financial health of the organization and reveals patterns of growth or contraction across periods. The following table summarizes the key comparative highlights of Gerdi Gutperle Agasthiyar Muni Child Care Centre Balance Sheet from FY 2020 – 2021 to FY 2024 –2025.

Parameter	Remarks
Total Assets Growth	Increased from ₹1,68,709 (FY21) to ₹2,34,546 (FY25), reflecting 39% growth over five years driven by expansion in infrastructure and current assets.
Total Assets Growth	Grew from ₹1,57,357 (FY21) to ₹2,12,381 (FY25), a rise of approximately 35%, primarily driven by consistent accumulation of reserves and surplus.
Reserves and Surplus	Grew significantly from ₹4,938 (FY21) to ₹59,903 (FY25), reflecting strong internal profit generation and the institution’s growing financial independence
Share Capital	Remained constant at ₹1,52,478 across all five years, indicating no fresh equity infusion and confirming growth is entirely internally funded.
Total Liabilities	Rise from ₹11,353 (FY21) to ₹22,163 (FY25), a controlled
Current Ratio Trend	Improved consistently from 4.07 to 7.91, signifying a strong and improving working capital position throughout the study period

Interpretation: The comparative balance sheet analysis of GGAMCCC over the five-year period from FY 2020–21 to FY 2024–25 reveals a pattern of consistent and healthy financial growth. Total assets grew by approximately 39%, underpinned by a 35% increase in shareholders’ equity driven entirely by internal surplus generation, as share capital remained constant. Reserves and surplus grew more than twelve-fold — from ₹4,938 to ₹59,903 — reflecting the institution’s improving ability to generate and retain operating surpluses. While total liabilities doubled over the period, they remain a very small proportion of total assets, confirming minimal financial leverage and strong structural stability. Current assets expanded significantly, driven by cash accumulation further strengthening the liquidity position. The comparative analysis collectively confirms that GGAMCCC has achieved meaningful and sustained balance sheet improvement over the study period.

Sustainability Scorecard Approach

The Sustainability Scorecard Approach is a systematic method used to evaluate the long-term financial and operational stability of an organization by combining multiple performance indicators into a single assessment framework. Each indicator is rated on a scale of 1 to 5 based on standard benchmarks, and the total score reflects the institution’s overall sustainability level. A maximum score of 25 represents the highest sustainable position.

Table 7 Overall Sustainability Scorecard

Year	Total Score	Sustainability Level
2020–2021	20/25	Good
2021–2022	23/25	Highly Sustainable
2022–2023	24/25	Highly Sustainable
2023–2024	23/25	Highly Sustainable
2024–2025	24/25	Highly Sustainable

Source: Secondary Data

Chart 1 Sustainability Score-Card



Interpretation: The Sustainability Scorecard analysis demonstrates a clear and positive progression in GGAMCCC’s overall financial sustainability over the study period. The institution’s score improved from 20 out of 25 in FY 2020–21 to a peak of 24 out of 25 in FY 2022–23 and again in FY 2024–25, reflecting a transition from a ‘Good’ sustainability level to a ‘Highly Sustainable’ position. The consistently perfect scores in liquidity and solvency indicators confirm strong financial stability. The improvement in asset turnover from an average score to a good score over the period reflects enhanced operational efficiency. The most significant transformation occurred in the operating surplus ratio, which moved from a ‘Poor’ score in FY 2020–21 (when the institution recorded an operating deficit) to an ‘Excellent’ score in FY 2022–23 and FY 2024–25. The slight fluctuation in FY 2023–24 represents a minor normalization rather than a deterioration. Overall, the scorecard confirms that GGAMCCC is in a highly sustainable financial position with consistent long-term stability.

Return on Investment (ROI) Analysis

Return on Investment (ROI) is a financial measure used to evaluate the efficiency and profitability of an investment. It indicates how much profit is generated relative to the total investment made, expressed as a percentage.

In the context of GGAMCCC, ROI analysis reveals how effectively the institution has utilized its total investment to generate net surplus over the study period.

Table 8 Return on Investment Analysis

Year	ROI (%)
2020–2021	-0.57
2021–2022	4.52
2022–2023	8.93
2023–2024	4.47
2024–2025	8.24

Source: Secondary Data

Interpretation: The ROI analysis reveals a significant and encouraging improvement in investment efficiency over the study period. In FY 2020–21, the institution recorded a negative ROI of -0.57%, indicating a net loss on total investment during that year. However, the institution achieved a strong turnaround from FY 2021–22 onwards, with ROI rising to 4.52% and reaching its peak of 8.93% in FY 2022–23. Although ROI moderated to 4.47% in FY 2023–24, it recovered to 8.24% in FY 2024–25. This pattern confirms that GGAMCCC has successfully overcome its initial financial challenges and has established a consistent and improving record of generating positive returns on its total investment, reflecting both efficient resource utilization and strengthened revenue generation capability.

Findings

- Excess liquidity indicates efficient short-term solvency but possible underutilization of funds.
- The debt-equity ratio remains very low, showing minimal dependence on external financing.
- The debt-assets ratio is stable, indicating low financial risk and strong asset backing.
- Asset turnover ratio has improved, reflecting better utilization of resources and operational efficiency.
- The organization shifted from an operating deficit to consistent surplus, improving financial sustainability.
- Total assets have increased continuously, indicating expansion and investment in infrastructure.
- Financial performance showed weakness in 2020–21 but strong recovery from 2021 onwards.
- Overall sustainability scores indicate the hospital is highly sustainable and financially stable in the long term.

Suggestions

- Utilize excess liquidity more efficiently for service improvement.
- Maintain low debt to ensure financial stability. Continue improving asset utilization for better efficiency.
- Focus on cost control to sustain operating surplus growth.
- Expand infrastructure and service capacity strategically
- Manage liabilities carefully while supporting expansion.

Conclusion

The study concludes that financial analysis plays a vital role in evaluating the overall performance and sustainability of healthcare institutions. By examining key financial ratios and trends, it becomes evident that maintaining a balance between liquidity, solvency, and operational efficiency is essential for long-term stability. The findings highlight that effective financial management not only supports profitability but also ensures uninterrupted quality healthcare services. Therefore, continuous monitoring and strategic financial planning are crucial for improving the financial health and sustainability of hospitals.

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