



**INSTITUTE OF MANAGEMENT NIRMA UNIVERSITY**

**MBA Full Time Program**

**Batch: 2023-2025**

**SHALBY**  
**MULTI-SPECIALTY**  
**HOSPITALS**

**Shalby Multi Speciality Hospitals Ltd.**

**Summer Internship Report**

Submitted by:

Aman Mudaliar

23MBA103

**Under Guidance of:**  
**Dipen**

**Submitted to:**  
**Prof. Ansita Aggarwal**

**Submitted on:**  
**5<sup>th</sup> July 2024**

## Title Page

|                             |   |
|-----------------------------|---|
| <b>Author of the Report</b> | Aman Mudaliar   |
| <b>Company Name</b>         | Shalby Multispecialty Hospitals Limited   |
| <b>Project Title</b>        | Analysis and Reduction of the Vendor Discrepancy and Improving Efficiency of Payment Process  |
| <b>Address</b>              | B 401 Mondeal Heights Opposite Karnavati Club S. G. Highway 380015 Gujarat India  |
| <b>Date of Report</b>       | 5 <sup>th</sup> July 2024   |
| <b>Purpose of report</b>    | To analyse and present findings, recommendations and conclusion from the data to and reduce the Vendor Discrepancy from the financial statements of the company and compare it with its competitor to enhance the financial strength of the company |
| <b>Organizational Guide</b> | Mr. Dipen Badiani<br>Deputy General Manager   |
| <b>Faculty Guide</b>        | Prof. Ansita Agarwal<br>Institute of Management Nirma University  |

## Certificate of Internship

**SHALBY  
LIMITED**

•Passion•Compassion•Innovation•

SHALBY/CORP/INT/2024-25/05/46

8<sup>th</sup> June, 2023

### TO WHOM SO EVER IT MAY CONCERN

This is to certify that Mr. Aman Mudaliar has successfully completed Eight Weeks' Internship (from 15<sup>th</sup> April, 2024 to 08<sup>th</sup> June, 2024) Program in Finance and Accounts Department in Shalby Limited, Corporate Office, Ahmedabad.

During the period of his Internship program with us, he was found to be punctual, hardworking and inquisitive.

We wish him every success in Life.

For, Shalby Ltd.



**Babu Thomas,**  
Chief Human Resources Officer

#### Shalby Limited

Regd. Office: Opp. Karnavati Club, S. G. Road, Ahmedabad - 380 015, Gujarat, India.

Tel: 079 40203000 | Email: info.sg@shalby.org | Web: www.shalby.org | CIN: L85110GJ2004PLC044667

Ahmedabad | Surat | Vapi | Jaipur | Indore | Jabalpur | Mohali | Mumbai

## **ACKNOWLEDGEMENT**

The MBA Curriculum had given me the opportunity to work with Shalby Multi- specialty Hospitals Ltd.

I take this opportunity to thank all the member associated with me throughout the Summer Internship. A special thanks to Mr. Balan Mudaliar whose guidance was very much important for acquiring an internship in a company.

I am grateful to Shalby Multi- Specialty hospitals Ltd. to provide me with the opportunity to work and gain the knowledge of real-world finance department along with some input on account department of the company.

I am pleased to address my gratitude to CHRO Mr. Babu Joseph Thomas for being my guide throughout my internship. He had always motivated me which has proven a key in successfully completing the internship.

I am thankful to the Deputy General Manager Mr. Dipen for providing me the skills to become eligible to work in finance department.

I also thank the Human Resources Manager Ms. Supriya in helping me to understand my roles and responsibilities accurately.

I also acknowledge Ms. Shivani in HR Team for providing me with relevant material required for the internship, Mr. Kripal of Taxation Department and Mr. Deepak Ranka of Accounts Department who explained the process done in their department which contributed towards the internship in a productive way. My gratitude towards these members and each and every employee of Shalby Multi Specialty Ltd. for helping me complete my internship successfully with required skills and ability to work under different circumstances.

## Table of Content

| Sr. No. | Topic                          | Page No. |
|---------|--------------------------------|----------|
| 1       | Executive Summary              | 7        |
| 2       | Company Profile                | 8        |
| 3       | Project Work                   | 10       |
| 4       | Scope of Study                 | 11       |
| 5       | PESTEL Analysis                | 14       |
| 6       | SWOT Analysis                  | 16       |
| 7       | Research Methodology           | 18       |
| 8       | Data Analysis & Interpretation | 20       |
| 9       | Exploration of Alternatives    | 38       |
| 10      | Criteria for Evaluation        | 39       |
| 11      | Evaluation of Alternatives     | 40       |
| 12      | Learnings                      | 41       |
| 13      | References                     | 43       |

**No. of Table**

| Sr. No. | Particular  | Page No. |
|---------|---|----------|
| 1       | Balance Sheet of Shalby Multi Speciality Hospitals Ltd. 2022-23             | 22       |
| 2       | Profit and Loss Statement of Shalby Multi Speciality Hospitals Ltd. 2022-23 | 22       |
| 3       | Cash Flow Statement of Shalby Multi Speciality Hospitals Ltd. 2022-23       | 22       |
| 4       | Ratio Analysis of Shalby Multi Speciality Hospitals Ltd.                    | 23       |
| 5       | Balance Sheet of Apollo Hospitals International Ltd. 2022-23                | 24       |
| 6       | Profit and Loss Statement of Apollo Hospitals International Ltd. 2022-23    | 24       |
| 7       | Cash Flow Statement of Apollo Hospitals International Ltd. 2022-23          | 24       |
| 8       | Ratio Analysis of Apollo Hospitals International Ltd.                       | 25       |
| 9       | Balance Sheet of Narayana Health 2022-23                                    | 26       |
| 10      | Profit and Loss Statement of Narayana Health 2022-23                        | 26       |
| 11      | Cash Flow Statement of Narayana Health 2022-23                              | 26       |
| 12      | Ratio Analysis of Narayana Health   | 27       |
| 13      | Balance Sheet of Fortis Healthcare Ltd. 2022-23                             | 28       |
| 14      | Profit and Loss Statement of Fortis Healthcare Ltd. 2022-23                 | 28       |
| 15      | Cash Flow Statement of Fortis Healthcare Ltd. 2022-23                       | 28       |
| 16      | Ratio Analysis of Fortis Healthcare Ltd.                                    | 29       |
| 17      | Balance Sheet of Max Healthcare Institute Ltd. 2022-23                      | 30       |
| 18      | Profit and Loss Statement of Max Healthcare Institute Ltd. 2022-23          | 30       |
| 19      | Cash Flow Statement of Max Healthcare Institute Ltd. 2022-23                | 30       |
| 20      | Ratio Analysis of Max Healthcare Institute Ltd.                             | 31       |
| 21      | Balance Sheet of Healthcare Global Enterprises Ltd. 2022-23                 | 32       |
| 22      | Profit and Loss Statement of Healthcare Global Enterprises Ltd. 2022-23     | 32       |
| 23      | Cash Flow Statement of Healthcare Global Enterprises Ltd. 2022-23           | 32       |
| 24      | Ratio Analysis of Healthcare Global Enterprises Ltd.                        | 33       |
| 25      | Expense Distribution of Shalby Multi Speciality Hospitals Ltd.              | 34       |
| 26      | Expense Distribution of Apollo Hospitals International Ltd.                 | 34       |
| 27      | Expense Distribution of Narayana Health                                     | 35       |
| 28      | Expense Distribution of Fortis Healthcare Ltd.                              | 35       |
| 29      | Expense Distribution of Max Healthcare Institute Ltd.                       | 36       |
| 30      | Expense Distribution of HCG Ltd.  | 36       |
| 31      | Benchmark Percent of Hospital Expense Distribution                          | 37       |
| 32      | Benchmark Percent of Hospital Performance                                   | 37       |

### No. of Figures

| Sr. No. | Particular                              | Page No. |
|---------|---|----------|
| 1       | Expense Distribution of Shalby          | 34       |
| 2       | Expense Distribution of Apollo          | 34       |
| 3       | Expense Distribution of Narayana Health | 35       |
| 4       | Expense Distribution of Fortis          | 35       |
| 5       | Expense Distribution of Max Healthcare  | 36       |
| 6       | Expense Distribution of HCG             | 37       |

## **Executive Summary**

The Summer Internship Report contains information about the financial of the company Shalby Multi Speciality Hospitals Ltd. and Griffin Mediquip. The main purpose of the summer internship report is to explain the findings from the financial statements to assist in decision making of the to reduce the vendor and creditor discrepancy.

Objective to be achieved

- To understand the basic concepts of Finance and Accounts.
- To compute the Market Position of the player.
- To analyse the vendor and creditor related issue in other competitor companies.
- To compare the progress of the company with the benchmark of the sector.

The first week had been selected as an introductory to the company. The second week was comprised of reconciliation of the company's vendor. The third week was comprised of analysis of financial statements of Shalby Multi Speciality Hospitals Ltd. The fourth week was comprised of analysis of financial statements of Griffin Mediquip LLP. Griffin Mediquip Llp is a Ltd. Liability Partnership firm which was incorporated on 23 July 2012. The fifth week was comprised of analysis of medical sector. The sixth week was comprised of analysis of competitors of the company. The seventh week of the internship was to report the findings of the analysis. The eight and the last week was assigned to summarise the whole internship process as a whole.

For being able to work in a finance department a MBA Grad has to be able to know the basic of the accounting therefore the brief introduction on Reconciliation of Vendor and Company subsidiary was given in the first week and then the further details was provided.

The Internship was divided into weekly basis compromising of reporting on weekly basis about the understanding of the project during the 8-week internship. A problem-solving type project was assigned. The problem for the project was huge discrepancy between Vendor and Creditor of the company.

For an Intern, the work was assigned by Mr. Dipen Sir to report the findings and for further work Assigned in further process. The Internship was divided into weekly basis compromising of reporting on weekly basis about the understanding of the project during the 8-week internship.



## Company Profile



Shalby Multi Speciality Hospitals Ltd. has headquarters in Ahmedabad. It has been present in India across the Western, Central and Northern parts. It was Estd. in 1994 by Dr. Vikram Shah with focus on Orthopedic and joint Replacement.

Till date it has expanded its operations of 40+ services in therapeutic categories under one roof. Shalby has 11 hospitals of which 4 are located in Ahmedabad and others in Surat, Vapi, Jaipur, Jabalpur, Indore, Mohali and 2 upcoming hospitals in Nashik and Mumbai. Shalby is a multi-specialty healthcare. It has a unique set-up of Patient Outreach Clinics. It has been spread across the country and also in countries of African continent. Shalby is the largest chain of hospitals in Western and Central India. Shalby is a listed company on BSE and NSE from December, 2017. Shalby has transformed into a World-Renowned Centre for Joint Replacement. The Company has around 5,000 employees.

SHALBY MULTISPECIALITY HOSPITALS LTD.

Corporate Office : B-301/302, Mondeal Heights, S. G. Highway, Ahmedabad- 380015, Gujarat, India

### Company Vision Mission Statement

#### **Vision Statement**

Exceeding expectations from health.

#### **Mission Statement**

Leveraging global leadership in joint replacement to establish multi-specialty care across geographies.

#### **Core Value**

Excellence - Quality

Learning - Continuous Improvement

Integrity - Honesty and Trust

Teamwork

Empathy - Humanity and. Kindness

## Company Subsidiary

- Hospitals
- Multispecialty
- SOCE – Shalby Orthopaedic Centres of Excellence
- Shalby Homecare
- Shalby Academy
- Slaney Healthcare (Surgical & Pharma Products)
- Hosply (Hospital Supplies)
- MARS Medical Devices
- SAT – Shalby Advanced Technologies Inc., USA

## ESG and CSR Activities

| Shalby Multispecialty Hospitals Ltd.   |  |
|--|--|
| ESG  | CSR  |
| Carbon Footprint<br>Audit Committee<br>Risk Management Committee<br>Stakeholder Relationship Committee<br>Nomination and Remuneration<br>Committee<br>CSR Committee<br>Management Committee<br>Fraud and Risk Control Policy<br>Shareholder Rights and Relations Policy<br>Behaviour and Business Ethics<br>Code of Conduct<br>Fair Equal Remuneration | Healthcare Program<br>Healthcare Camps<br>Healthcare Talks<br>Healthcare Videos<br>(Youtube Partnership Project) |

# **Analysis and Reduction of the Vendor Discrepancy and Improving Efficiency of Payment Process**

## **Introduction**

### **a. Nature of Problem**

The 2-month internship was completed from 15<sup>th</sup> April to 8<sup>th</sup> June 2024. The problem-solving Project titled “Vendor Creditor Discrepancy” for analysing and reducing the Collection period. Shalby is in hospital services and provides joint Replacement services. The company has been involved in the business of outsourcing the company equipment and providing the services to the customer on provisional basis. The payment made by the customer was made by insurance companies government scheme subsidies and payment made to the creditor for providing the equipment has been a huge difference. This carried balance was piling up which had been a huge burden for the company. This also decreased the overall operational efficiency of the company. The company has been dealing issue with the company subsidiary along with its vendor and Creditor. The company wasn’t using the financial assets effectively which was major concern for the company.

### **b. Objective of the Study**

To employ my knowledge and experience with the intention of securing the assigned task of reducing the vendor discrepancy.

The professional career comes with opportunity for challenges and career advancement, while gaining knowledge of new skills and expertise.

- To understand the working of Finance and Accounts.
- To study the financial statements.
- To compute the Market Position of the player.
- To analyse the vendor and creditor related issue in other competitor companies.
- To compare the progress of the company with the benchmark of the sector.
- To develop a model to reduce discrepancy between company and vendor.
- To improve efficiency by maintaining good relations between company and creditor.

### **c. Expected Benefits**

- Improve Efficiency of the payment process between and company and different entities.
- Reduce Payment Charges and incur higher profit margin.
- Streamline Payment Process between Company and Vendor.
- Market Analysis of the Competitor and Sector.
- Reduce the discrepancy between company and vendor without affecting vendor relations.

## Scope of the Study

| Services   |  | Speciality  |
|--|--|---|
| <ul style="list-style-type: none"> <li>• Anaesthesia</li> <li>• Arthroplasty</li> <li>• Arthroscopy      Sports Injury</li> <li>• Cardiology</li> <li>• Cardiothoracic      and Vascular Surgery</li> <li>• Cosmetic and Aesthetic</li> <li>• Dental Cosmetic and Implantology</li> <li>• Dermatology</li> <li>• Emergency Medicine</li> <li>• Endocrinology      – Diabetology</li> <li>• ENT Surgery</li> <li>• Gastroenterology</li> <li>• Gastrointestinal Surgery</li> <li>• General Medicine</li> <li>• General Surgery</li> <li>• Hair Transplant</li> <li>• Hip Joint Replacement</li> <li>• Infectious Diseases</li> <li>• Infertility and IVF</li> <li>• Intensive Care</li> </ul> | <ul style="list-style-type: none"> <li>• Maxillofacial Surgery</li> <li>• Nephrology</li> <li>• Neuro Science</li> <li>• Neuro Surgery</li> <li>• Obesity Surgery</li> <li>• Obstetrics      and Gynaecology</li> <li>• Oncology</li> <li>• Oncosurgery</li> <li>• Ophthalmology      and Glaucoma</li> <li>• Orthopedic and Trauma</li> <li>• Paediatric Orthopedics</li> <li>• Paediatrics      and Neonatology</li> <li>• Pathology      And Microbiology</li> <li>• Plastic Surgery</li> <li>• Psychiatry</li> <li>• Pulmonology and Chest</li> <li>• Radiology and Imaging</li> <li>• Rheumatology</li> <li>• Spine Surgery</li> <li>• Uro Surgery</li> </ul> | <ul style="list-style-type: none"> <li>• Interventional Radiology</li> <li>• Cosmetic Surgery</li> <li>• Aesthetic Surgery</li> <li>• Interventional Cardiology</li> <li>• Endoscopy</li> <li>• Laproscopy</li> <li>• Bariatric Surgery</li> <li>• Cardiovascular Surgery</li> <li>• Dentistry</li> </ul> |

### International Services

- Arrangements with leading resorts, clubs & hotels for post-operative recuperation
- Coordinating medical appointments
- Foreign Currency exchange facility
- Service Apartment for relatives / attendants

Shalby Multispecialty Hospitals Limited provides its services across the globe in the following countries:

Kenya, Tanzania, Rwanda, Uganda, UAE, Bangladesh, Cambodia, Jakarta, Oman, Uzbekistan, Nepal, among others.

After getting detailed information about the service and compare it with other healthcare sector companies is to have a complete list of companies and thereby analysing based on their market share and types of services the competitor companies provide. The intention of the study is mainly based on implementing the kinds of activities other companies perform and compute ways to decrease the vendor discrepancy

Financial Statements mainly revolves around the three core statements i. e. Balance Sheet , Profit and loss Statement, Cash Flow Statement. These three statements provide the core financials of the company like the revenue generated , expenses incurred , the company inclination towards debt or Equity, the operating , investing and financial cash flow or inflow and outflow of the company, etc. The financial data is the base data of this report. The relationship between these statements and the company is established with the help of the ratio analysis of the company financials. Ratio Analysis is a simple and understandable way to interpret the financial statement.

### **Key deliverables**

- Detailed Analysis of the Current Payment Process of the Company.
- Market Analysis of the Competitor and Sector.
- A Detailed Report on the market analysis.
- Set of recommendation to improve efficiency and reduce the discrepancy.

## **Task list with Timelines**

Week 1

Introductory to the company process and subsidiaries.

Week 2

Collection of data for the research process of the company's vendor through financial statements.

Week 3

In depth analysis of the financial statements of Shalby Multi Speciality Hospitals Ltd.

Week 4

Analysis of competitors of the company medical sector and market trends

Week 5

Develop a Financial Model to improve the situation.

Week 6

Summarise the findings of the report.

Week 7

Prepare a final Report with recommendations for the hospital and its employees.

Week 8

Conclusion and Presentation of Findings from the whole internship process.

# PESTEL Analysis

## Political

Government regulations, healthcare reform policies, like ABHA and Ayushman Bharat are the key factor which impact the operations of healthcare industry. Government regulations affect the cost structure, services that are covered by insurance, and hospitals operations.

## Economic

- Medical Tourism

Treatment and major surgeries at Indian facilities cost 20% of what it costs in the developed nations, making India a major destination for Medical Value Treatment. Most of the neighbouring developing nations lack similar expertise creating a steady influx of the cost-aware international patient in the subcontinent. The process for medical tourists to India has also been made easier with the e-tourist visa regime which has now been expanded to include medical visits as well. expansion scheme, this makes the rural market receptive . The Pandemic like COVID 19 impacts the health care industry the most due to the medical instability has increased.

## Social

The population's age, income level, and education level can all affect the demand for healthcare services.

- Ageing Population
- Lifestyle diseases on the rise
- lack of physical activity
- nutritional deficiency
- long working hours
- increase in stress levels
- higher consumption of tobacco and alcohol
- soaring pollution levels
- emergence of modern technologies

The company has Lean procurement practices therefore is has Centralised purchases for all hospitals. This was mainly on account of higher depreciation, higher employee cost and increase in payments to Doctors and Consultants.

Commodity price risk or foreign exchange risk and hedging activities The Company is exposed to foreign exchange risk For mitigating the foreign exchange risk, Company has entered into Cross-currency Interest Rate SWAP agreement with the bank.

Shalby Multi Speciality Hospitals Ltd. is committed to give quality healthcare service at and affordable cost.

As India today is a young population almost crossing 1.5 billion the upcoming year will lead to ageing population. According to United Nations Population Fund, India's elderly population is estimated to reach 300 million by 2050. Senior Citizen are more likely to affect by diseases which increases the demand for healthcare services.

### **Technological**

Advances in technology has a major role in the healthcare industry. New medical technologies can allow for more effective treatments and diagnostics.

- Digital health

Technological advancements is improving healthcare which in turn offers greater flexibility for consultations. Technology improves data management and empower patients to actively participate in their healthcare journeys.

- Medical innovation

Rapid growth in medical devices and new treatment methods improves patient, creates demand for specialized healthcare services.

### **Environmental**

- Pollution and health concerns

The air and water pollution increase the vulnerability of the population of the country. The medical sector is highly critical due to the dangerous and hazardous Bio waste it creates due to the operation. This increases the amount of work pressure on hospitals to manage costs effectively. This necessitates efficient resource allocation and potentially leads to a rise in public-private partnerships to meet the growing demand for affordable healthcare.

### **Legal**

- Data privacy and security

With the increasing digital health solutions, regulations like the Personal Data Protection Bill aim to protect patient data privacy. Cybersecurity measures for healthcare providers to provide best service.

- Evolving legal landscape

Online pharmacies and the legal framework around these practices is, impacting how healthcare institutions can utilize these technologies. Staying updated on legal developments and to comply with the standards is essential for smooth operations.



## SWOT Analysis

This sector key employment generators in India, being the fourth-largest employer among the non-farm sectors.

|  |  |
|--|--|
| <p><b>Strength</b></p> <ul style="list-style-type: none"> <li>• Improving medical science and technology</li> <li>• Low-cost, quality healthcare</li> <li>• Growing number of medical colleges</li> <li>• Growing private investments</li> <li>• Availability of highly qualified doctors</li> </ul> | <p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• 70% of India’s healthcare infrastructure is Ltd. to the top 20 cities</li> <li>• Lower public expenditure on health equating to just 1.28% of the GDP</li> <li>• Lack of capital investment</li> <li>• Lower accessibility</li> <li>• Lack of skilled professionals</li> </ul> |
| <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>• Rising Life expectancy</li> <li>• Increasing medical tourism</li> <li>• High Amount of Inclusion in middle class</li> <li>• Growing lifestyle diseases</li> <li>• Penetration of health insurance</li> <li>• 100% FDI</li> </ul>  | <p><b>Threat</b></p> <p>Regulatory Concerns</p> <ul style="list-style-type: none"> <li>• Entry of International Player</li> <li>• Capital intensive</li> <li>• High Cost</li> <li>• Mob lynching</li> </ul>  |

**Key Competitive Strengths:**

- Leadership in joint replacement surgery- Shalby is one of the top hospitals in joint replacement surgery in India with 15% market share in private hospitals offering joint replacement and 5% overall market share.
- Brand Value- The brand name was earned based on its modern technologies, best-in-class infrastructure, quality healthcare services and successful surgeries performed on patients of all age groups and across diversified locations.
- Unique Business Model- The Company has a unique business model, which is based on optimising Capex and Opex in order to achieve higher return ratios than industry peers, while offering the best-in-class services. The Company’s key focusses are:
  - Optimal use of space for the building and interior layout
  - Judicious purchase of quality and cost-effective equipment
  - Centralised procurement process for cost savings
  - Higher OT to bed ratio with effective space optimisation for OT rooms fully owned or Operation and Maintenance (O&M) on revenue sharing model. This does not require any fixed rent or security deposit.
  - Dedicated Medical Team- 4,000+ doctors, surgeons and support staff with relevant industry experience
  - Strong Balance Sheet- Shalby’s net cash position balance sheet remains a unique strength and gives it a competitive edge that are on expansion mode. Company has remained debt-free.

## Hospitals and Health Care Players



The healthcare sector in India is growing rapidly.

- Health awareness
- Raise in government expenditure
- Insurance penetration

Steady GDP growth leading to rising income levels and greater

The purchasing capacity are also strong growth drivers for the healthcare industry. The market share of joint replacement surgeries in India the highest among private healthcare players is of Shalby being 15%.

## Research Process & Methodology

The Summer Internship Report contains information about the financial of the company Shalby Multi Speciality Hospitals Ltd. and Griffin Mediquip. The main purpose of the summer internship report is to explain the findings from the financial statements to assist in decision making of the to reduce the vendor and creditor discrepancy.

The data is compared with the other major player of the sector. The data is gathered from public handle. The annual statement of the major players is taken into consideration. Ratio Analysis is an important tool to compute the financial of the company and create a benchmark for the industry by comparing with it with others companies. The data analysis will be useful for interpreting the present condition while to manage the company's vendor and creditor relations.

Financial Statements help us to evaluate past performance while forecast the future credentials for the company. The forecast is based on certain assumptions. Financial Statement helps to interpret financial as well as operational capabilities of a company. The research report comprises of analysis and findings of the financial statements of previous 5 years. The project of Financial Statement Analysis was allotted to me to give a comprehensive view financial performance of the company and compare the debtor and creditor conversion cycle with other market player.

Ratio Analysis is a key to measure the financial performance. Financial Statements Analysis includes the company annual Report published on its official website. The financial statements analysis is taken through the ratio analysis of the company financials and comparing it with the financial statements ratios of other competitor of the industry while considering some limitations. The analysis is carried over through the external as well as internal factor of the industry. The internal factors include employees, the working process of the company, the type of customer , the use of technologies made by the company, etc. The external factors include government policies and market condition like health conditions and environmental factors. The company has recently changed its way of preparing the annual report of the FY year 2022 23.

The reduction of the collection and payment period will increase the efficiency and effectiveness of the company. Shalby has its subsidiary across nations. Sanar a unit of Shalby is present in global affairs. The company also deals in multi-currency operations. The lower the payment discrepancy the higher will be the confidence of the investor.

Vendor A person or a group of people or company for which the company provides the material has been on credit basis. For which the company receives the payment after some time. This period is regarded as Debtors Conversion Cycle.

Creditor The Supplier of the equipment and the others materials requires for the business operations. The payment for the machines and equipment are made on credit basis. This period is regarded as creditors Conversion cycle

In second week of my SIP I was guided by Deepak Sir to perform statements analysis of different companies it gave me a great exposure about the organization.

1. A balance sheet
2. An income statement
3. A cash flow statement

### **Preliminary Research**

- Computed a Literature Review for the Research Process.
- Understood the environment of the industry.
- Conducted ground staff analysis to have greater understanding of the situation.
- Provided a comprehensive overview of the condition in a nutshell.
- Collected data for analysing the data of the company.

The research report comprises of analysis and findings of the financial statements of previous 5 years.

The project of Financial Statement Analysis was allotted to me to give a comprehensive view financial performance of the company and compare the debtor and creditor conversion cycle with other market player. Ratio Analysis is a key to measure the financial performance.

Financial Statements Analysis includes the company annual Report published on its official website. The financial statements analysis is taken through the ratio analysis of the company financials and comparing it with the financial statements ratios of other competitor of the industry while considering some limitations .

Application and insights of concepts, tools, techniques and skills learnt in year I.

## Data Analysis & Interpretation

### Financial Ratio:

- Liquidity Ratio
- Leverage Ratio
- Efficiency Ratio
- Profitability Ratio

### Liquidity Ratio

- Current Ratio

Current Ratio = Current Assets / Current Liabilities

Higher level of current ratio of a company helps the company to meet short term obligation.

- Quick Ratio:

Acid-test Ratio = Current Assets – Inventories / Current Liabilities

Acid Test Ratio also analyses the company's ability to pay short term obligations but after excluding inventory which means by using only liquid short-term assets.

- Cash Ratio:

Cash Ratio = Cash and Cash equivalents / Current Liabilities

Cash Ratio is the amount of cash a company has during the year to meet cash obligations.

- Operating Cash Flow Ratio(OCFR):

Operating Cash Flow ratio = Operating Cash Flow / Current Liabilities

OCFR measures the number of times a company can pay its current liabilities from cash.

### Leverage Ratios

Leverage ratios help to measure the debt level.

- Debt Ratio:

Debt ratio = Total Liabilities / Total Assets

The debt ratio is a form to determine how much amount of a company's assets that are from debt.

- Debt to Equity Ratio:

Debt to Equity Ratio = Total Liabilities / Shareholder's Equity

The debt-to-equity ratio is a form to measure the weight of total debt and financial liabilities against shareholders' equity.

- Interest Coverage Ratio

Interest Coverage ratio = Operating Income / Interest Expenses

The interest coverage ratio helps to measure the ability of a company can pay its interest expenses.

### **Efficiency Ratios**

Efficiency ratios are meant for defining the accuracy of the company and measure how much the company utilizing its assets and resources.

- Accounts Receivable Turnover

Accounts Receivable Turnover Ratio = Net Credit Sales / Average Accounts Receivable

The accounts receivable turnover ratio is a way to measure how many times a company can turn receivables into cash.

### **Profitability Ratios**

- Gross Margin Ratio

Gross Margin Ratio = Gross Profit / Net Sales

The gross margin ratio compares gross profit to its net sales. Cost of goods sold ( labour, raw materials expense) is deducted from the net sales, which results in a company's gross profit.

- Operating Margin Ratio

Operating Margin Ratio = Operating Income / Net Sales

The operating margin ratio, is a ratio to measure operating income with respect to its net sales to determine operating efficiency.

- Return on Assets(RoA)

Return on Assets Ratio = Net Income / Total Assets

The return on assets ratio measures the efficiency of a company to make the best optimization of its assets to generate profit.

- Net Profit Ratio

Net Margin Ratio = Net Profit / Net Sales

This ratio measures the profit of a company after taxes and interest amortization and depreciation.

- Accounts Payable Turnover

Accounts Payable Turnover Ratio = Net Credit Sales / Average Accounts Payable

The accounts payable turnover ratio is a ratio that shows that how much time it takes to pay the accounts payable.

## Shalby Financial Statement

(In Rs Million)

### Balance Sheet

|                                 |        |
|---------------------------------|--------|
| <b>Fixed Assets</b>             | 7525   |
| <b>Current Assets</b>           | 4148   |
| <b>Total Assets</b>             | 11673  |
| <b>Fixed Liability</b>          | 903    |
| <b>Current Liabilities</b>      | 1067   |
| <b>Total Liabilities</b>        | 1970   |
| <b>Inventory</b>                | 196    |
| <b>Accounts Receivable</b>      | 896    |
| <b>Cash and Cash Equivalent</b> | 32.99  |
| <b>Accounts Payable</b>         | 744.88 |
| <b>Debt</b>                     | 146.11 |
| <b>Equity</b>                   | 9703   |

Table 1.1 Balance Sheet of Shalby Hospitals Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |      |
|---------------------------------|------|
| <b>Revenue</b>                  | 7080 |
| <b>Employee Benefit Expense</b> | 867  |
| <b>Finance Cost</b>             | 31   |
| <b>Net Profit</b>               | 808  |
| <b>Net Income</b>               | 810  |

Table 1.2 Profit and Loss Statement of Shalby Hospitals Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 1645   |
| <b>Investing Cash Flow</b> | (1724) |
| <b>Financing Cash Flow</b> | (382)  |
| <b>Operating Income</b>    | 1489   |

Table 1.3 Cash Flow Statement of Shalby Hospitals Ltd. FY 2022-23

### Ratio Analysis

|                                     |        |
|-------------------------------------|--------|
| <b>Current Ratio</b>                | 3.88   |
| <b>Quick Ratio</b>                  | 3.70   |
| <b>Cash Ratio</b>                   | 0.03   |
| <b>Operating Cash Flow Ratio</b>    | 1.54   |
| <b>Debt Ratio</b>                   | 0.16   |
| <b>Debt to Equity Ratio</b>         | 0.01   |
| <b>Accounts Receivable Turnover</b> | 7.76   |
| <b>Operating Margin</b>             | 21.03% |
| <b>Net Profit Margin</b>            | 11.41% |
| <b>RoA</b>                          | 6.92%  |
| <b>RoE</b>                          | 8.32%  |
| <b>RoCE</b>                         | 11.73% |
| <b>Interest Coverage Ratio</b>      | 48.03  |

Table 1.4 Ratio Analysis of Shalby Hospitals Ltd. FY 2022-23

#### Operational Capability

The ratio analysis of Shalby Multi-specialty Hospitals Limited provides the information about the company that it has adequate current assets to meet the short-term obligations. The assets are liquid assets according to the acid test ratio or quick ratio which is almost thrice the amount of short-term liabilities the company has but the amount of cash a company has during the year to meet cash obligations is very low as compared to its current or short-term liabilities.

#### Financial Strength

The company is also balanced as it has been mainly focusing on making the company debt free and having an equity-based model. The income generated from the company's operation is huge which depicts that the company is performing well in terms of its patients served. The ability of the company is in good terms as it can pay its interest expenses.

#### Profitability

The company turns the accounts receivable into cash in approximately 47 days. The resources of the company are efficiently utilized and the income from operation provides a huge margin for the company to be profitable and incur its expenses with respect to its net sales which increases the company's operating efficiency. The return on assets is good enough to generate profit which is better than other companies in the sector. The profit of a company after taxes and interest amortization and depreciation is about 12% which is a key factor in the growth forecast of the company being around 40% on a year-on-year basis in terms of revenue.



## Apollo Financial Statement

(In Rs Million)

### Balance Sheet

|                                 |        |
|---------------------------------|--------|
| <b>Fixed Assets</b>             | 76297  |
| <b>Current Assets</b>           | 31507  |
| <b>Total Assets</b>             | 107804 |
| <b>Fixed Liability</b>          | 26123  |
| <b>Current Liabilities</b>      | 12433  |
| <b>Total Liabilities</b>        | 38556  |
| <b>Inventory</b>                | 983    |
| <b>Accounts Receivable</b>      | 8200   |
| <b>Cash and Cash Equivalent</b> | 2170   |
| <b>Accounts Payable</b>         | 6329   |
| <b>Debt</b>                     | 15201  |
| <b>Equity</b>                   | 69248  |

Table 1.5 Balance Sheet of Apollo Hospitals Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |       |
|---------------------------------|-------|
| <b>Revenue</b>                  | 65248 |
| <b>Employee Benefit Expense</b> | 12394 |
| <b>Finance Cost</b>             | 2388  |
| <b>Net Profit</b>               | 10848 |
| <b>Net Income</b>               | 10737 |

Table 1.6 Profit and Loss Statement of Apollo Hospitals Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 12245  |
| <b>Investing Cash Flow</b> | (5885) |
| <b>Financing Cash Flow</b> | (7786) |
| <b>Operating Income</b>    | 17205  |

Table 1.7 Cash Flow Statement of Apollo Hospitals Ltd. FY 2022-23

### Ratio Analysis

|                                  |        |
|----------------------------------|--------|
| <b>Current Ratio</b>             | 2.53   |
| <b>Quick Ratio</b>               | 2.46   |
| <b>Cash Ratio</b>                | 0.17   |
| <b>Operating Cash Flow Ratio</b> | 0.18   |
| <b>Debt Ratio</b>                | 0.35   |
| <b>Debt to Equity Ratio</b>      | 0.25   |
| <b>Operating Margin</b>          | 26.36% |
| <b>Net Profit Margin</b>         | 16.62% |
| <b>RoA</b>                       | 10.06% |
| <b>RoE</b>                       | 15.66% |
| <b>RoCE</b>                      | 14.30% |
| <b>Interest Coverage Ratio</b>   | 7.20   |

Table 1.8 Ratio Analysis of Apollo Hospitals Ltd. FY 2022-23

#### Financial Highlights

The ratio analysis of Apollo Hospitals Limited when considered in terms of the revenue it has the highest revenue among the other healthcare sector companies. The short-term assets are lower when compared to Shalby Hospitals Limited but the good enough to meet its short-term obligation. The assets are highly liquid, according to the acid test ratio or quick ratio which is almost twice the amount of short-term liabilities the company has along with the amount of cash a company has during the year to meet cash obligations is quite higher than that of Shalby has as the cash as compared to its current or short-term liabilities.

#### Operating Highlights

The debt ratio of the company is high which shows that unlike Shalby it depends on debt instead of being debt free but in that case the company generates higher profit for the company making it the most profitable healthcare company of the industry. The debt-to-equity ratio defines that the fundamental of Apollo is different from others having  $\frac{1}{4}$  as its total debt and financial liabilities against shareholders' equity.

#### Profitability

The income generated form the company's operation is huge which depicts that the company is performing well in term of its patients served.

As being a giant fish it has higher profitability as compared to others which makes it as a higher position to bargain with its stakeholder to reduce the vendor discrepancy and increase payment efficiency. The gross margin, operating margin and profit margin is also the highest as by increasing its operation it can generate high profit to bed ratio which generates economies of scale to optimize its assets to generate profit.

## Narayana Health Financial Statement

(In Rs Million)

### Balance Sheet

|                                 |       |
|---------------------------------|-------|
| <b>Fixed Assets</b>             | 22368 |
| <b>Current Assets</b>           | 5378  |
| <b>Total Assets</b>             | 27747 |
| <b>Fixed Liability</b>          | 6777  |
| <b>Current Liabilities</b>      | 6281  |
| <b>Total Liabilities</b>        | 13058 |
| <b>Inventory</b>                | 322   |
| <b>Accounts Receivable</b>      | 1768  |
| <b>Cash and Cash Equivalent</b> | 702   |
| <b>Accounts Payable</b>         | 4121  |
| <b>Debt</b>                     | 4593  |
| <b>Equity</b>                   | 14687 |

Table 1.9 Balance Sheet of Narayana Health Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |       |
|---------------------------------|-------|
| <b>Revenue</b>                  | 29614 |
| <b>Employee Benefit Expense</b> | 5660  |
| <b>Finance Cost</b>             | 446   |
| <b>Net Profit</b>               | 2656  |
| <b>Net Income</b>               | 2638  |

Table 1.10 Profit and Loss Statement of Narayana Health Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 5162   |
| <b>Investing Cash Flow</b> | (6212) |
| <b>Financing Cash Flow</b> | 647    |
| <b>Operating Income</b>    | 5145   |

Table 1.11 Cash Flow Statement of Narayana Health Ltd. FY 2022-23

### Ratio Analysis

|                                  |        |
|----------------------------------|--------|
| <b>Current Ratio</b>             | 0.85   |
| <b>Quick Ratio</b>               | 0.80   |
| <b>Cash Ratio</b>                | 0.11   |
| <b>Operating Cash Flow Ratio</b> | 0.17   |
| <b>Debt Ratio</b>                | 0.47   |
| <b>Debt to Equity Ratio</b>      | 0.31   |
| <b>Operating Margin</b>          | 17.37% |
| <b>Net Profit</b>                | 8.97%  |
| <b>RoA</b>                       | 9.57%  |
| <b>RoE</b>                       | 18.08% |
| <b>RoCE</b>                      | 20.45% |
| <b>Interest Coverage Ratio</b>   | 11.53  |

Table 1.12 Ratio Analysis of Narayana Health Ltd. FY 2022-23

Narayana Health provides the services on low-cost basis to the underprivileged. The financial of the company are not as good as other profit organizations. The current asset to meet the short-term obligation is lower when compared to its current liabilities. The company is not cash rich.

The debt ratio determines the company to be based on debt and equity which increases the interest expense and makes the company less profitable. The interest coverage ability of a company is lowest to pay its interest expenses.

The resources of the company are efficiently utilized to some extent. The operating margin ratio, is a ratio to measure operating income with respect to its net sales is good while being focusing on low-cost strategy. Return on Equity is an important criteria to analyse the company financials to determine operating efficiency.

## Fortis Financial Statement

(In Rs Million)

### Balance Sheet

|                                 |        |
|---------------------------------|--------|
| <b>Fixed Assets</b>             | 96785  |
| <b>Current Assets</b>           | 6901   |
| <b>Total Assets</b>             | 103686 |
| <b>Fixed Liability</b>          | 6481   |
| <b>Current Liabilities</b>      | 7569   |
| <b>Total Liabilities</b>        | 14051  |
| <b>Inventory</b>                | 128    |
| <b>Accounts Receivable</b>      | 973    |
| <b>Cash and Cash Equivalent</b> | 9      |
| <b>Accounts Payable</b>         | 4155   |
| <b>Debt</b>                     | 2815   |
| <b>Equity</b>                   | 89635  |

Table 1.13 Balance Sheet of Fortis Hospitals Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |       |
|---------------------------------|-------|
| <b>Revenue</b>                  | 10529 |
| <b>Employee Benefit Expense</b> | 1754  |
| <b>Finance Cost</b>             | 1062  |
| <b>Net Profit</b>               | 962   |
| <b>Net Income</b>               | 949   |

Table 1.14 Profit and Loss Statement of Fortis Hospitals Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 1983   |
| <b>Investing Cash Flow</b> | 2046   |
| <b>Financing Cash Flow</b> | (3954) |
| <b>Operating Income</b>    | 1364   |

Table 1.15 Cash Flow Statement of Fortis Hospitals Ltd. FY 2022-23

### Ratio Analysis

|                                  |        |
|----------------------------------|--------|
| <b>Current Ratio</b>             | 0.91   |
| <b>Quick Ratio</b>               | 0.89   |
| <b>Cash Ratio</b>                | 0.001  |
| <b>Operating Cash Flow Ratio</b> | 0.26   |
| <b>Debt Ratio</b>                | 0.13   |
| <b>Debt to Equity Ratio</b>      | 0.03   |
| <b>Operating Margin</b>          | 12.95% |
| <b>Net Profit Margin</b>         | 9.13%  |
| <b>RoA</b>                       | 0.92%  |
| <b>RoE</b>                       | 1.07%  |
| <b>RoCE</b>                      | 1.73%  |
| <b>Interest Coverage Ratio</b>   | 1.28   |

Table 1.16 Ratio Analysis of Fortis Hospitals Ltd. FY 2022-23

Fortis Hospitals has lower financial strength when compared to other competitors. The assets are highly illiquid, according to the acid test ratio or quick ratio. The amount of cash a company has during the year to meet cash obligations is lower than that of Shalby has as the cash as compared to its current or short-term liabilities.

#### Operating Highlights

The company has weak operation highlights as compared to Shalby. The company is also not balanced as it has been mainly debt model. The income generated form the company's operation is low which depicts that the company is not performing well in term of its patients served. The resources of the company are also not efficiently utilized and so the company is not profitable enough.

## Max Healthcare Financial Statement

(In Rs Million)

### Balance Sheet

|                                 |       |
|---------------------------------|-------|
| <b>Fixed Assets</b>             | 69842 |
| <b>Current Assets</b>           | 14360 |
| <b>Total Assets</b>             | 84203 |
| <b>Fixed Liability</b>          | 9370  |
| <b>Current Liabilities</b>      | 4411  |
| <b>Total Liabilities</b>        | 13782 |
| <b>Inventory</b>                | 299   |
| <b>Accounts Receivable</b>      | 1402  |
| <b>Cash and Cash Equivalent</b> | 131   |
| <b>Accounts Payable</b>         | 2197  |
| <b>Debt</b>                     | 4288  |
| <b>Equity</b>                   | 70421 |

Table 1.17 Balance Sheet of Max Healthcare Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |       |
|---------------------------------|-------|
| <b>Revenue</b>                  | 19046 |
| <b>Employee Benefit Expense</b> | 3722  |
| <b>Finance Cost</b>             | 519   |
| <b>Net Profit</b>               | 6943  |
| <b>Net Income</b>               | 6950  |

Table 1.18 Profit and Loss Statement of Max Healthcare Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 6964   |
| <b>Investing Cash Flow</b> | (8428) |
| <b>Financing Cash Flow</b> | (544)  |
| <b>Operating Income</b>    | 6246   |

Table 1.19 Cash Flow Statement of Max Healthcare Ltd. FY 2022-23

### Ratio Analysis

|                                  |        |
|----------------------------------|--------|
| <b>Current Ratio</b>             | 3.25   |
| <b>Quick Ratio</b>               | 3.18   |
| <b>Cash Ratio</b>                | 0.02   |
| <b>Operating Cash Flow Ratio</b> | 1.57   |
| <b>Debt Ratio</b>                | 0.16   |
| <b>Debt to Equity Ratio</b>      | 0.06   |
| <b>Net Profit Margin</b>         | 36.45% |
| <b>RoA</b>                       | 8.24%  |
| <b>RoE</b>                       | 9.85%  |
| <b>RoCE</b>                      | 7.70%  |
| <b>Interest coverage Ratio</b>   | 12.03  |

Table 1.20 Ratio Analysis of Max Healthcare Ltd. FY 2022-23

The financials of the company is almost similar to the ratio analysis of Shalby Limited provides the information about the company that it has adequate current assets to meet the short-term obligation. The assets are liquid assets according to the acid test ratio or quick ratio which is almost thrice the amount of short-term liabilities the company has but the amount of cash a company has during the year to meet cash obligations is very low cash as compared to its current or short-term liabilities.

The operating margin ratio, return on assets is good enough to offset the leverage against debt level. The profit of a company after taxes and interest amortization and depreciation is highest among the sector.



## HCG Financials

(In Rs Million)

### Balance Sheet

|                                 |       |
|---------------------------------|-------|
| <b>Fixed Assets</b>             | 13571 |
| <b>Current Assets</b>           | 3725  |
| <b>Total Assets</b>             | 17297 |
| <b>Fixed Liability</b>          | 3637  |
| <b>Current Liabilities</b>      | 2207  |
| <b>Total Liabilities</b>        | 5844  |
| <b>Inventory</b>                | 212   |
| <b>Accounts Receivable</b>      | 2123  |
| <b>Cash and Cash Equivalent</b> | 703   |
| <b>Accounts Payable</b>         | 1089  |
| <b>Debt</b>                     | 1127  |
| <b>Equity</b>                   | 11451 |

Table 1.21 Balance Sheet of HCG Ltd. FY 2022-23

### Profit and Loss Statement

|                                 |       |
|---------------------------------|-------|
| <b>Revenue</b>                  | 10055 |
| <b>Employee Benefit Expense</b> | 1750  |
| <b>Finance Cost</b>             | 414   |
| <b>Net Profit</b>               | 401   |
| <b>Net Income</b>               | 400   |

Table 1.22 Profit and Loss Statement of HCG Ltd. FY 2022-23

### Cash Flow Statement

|                            |        |
|----------------------------|--------|
| <b>Operating Cash Flow</b> | 1303   |
| <b>Investing Cash Flow</b> | (1377) |
| <b>Financing Cash Flow</b> | (417)  |
| <b>Operating Income</b>    | 2078   |

Table 1.23 Cash Flow Statement of HCG Ltd. FY 2022-23

### Ratio Analysis

|                                  |        |
|----------------------------------|--------|
| <b>Current Ratio</b>             | 1.68   |
| <b>Quick Ratio</b>               | 1.59   |
| <b>Cash Ratio</b>                | 0.31   |
| <b>Operating Cash Flow Ratio</b> | 0.59   |
| <b>Debt Ratio</b>                | 0.33   |
| <b>Debt to Equity Ratio</b>      | 0.09   |
| <b>Operating Margin</b>          | 20.66% |
| <b>Net Profit Margin</b>         | 3.98%  |
| <b>RoA</b>                       | 2.32%  |
| <b>RoE</b>                       | 3.50%  |
| <b>RoCE</b>                      | 6.76%  |
| <b>Interest Coverage Ratio</b>   | 5.01   |

Table 1.24 Ratio Analysis of HCG Ltd. FY 2022-23

HCG is also maintaining a nice amount of short-term assets to pay short-term obligation. The short assets like liquid assets and cash and cash equivalent is in high amount to meet the vendor payment system efficiently. The ratio analysis of Shalby Multi-specialty Hospitals Limited provides the information about

The weight of total debt and financial liabilities against shareholders' equity is low so as to cope with the interest against the debt.

The income generated from the company's operation is huge which depicts that the company is performing well in term of its patients served. The resources of the company are efficiently utilized and also the

The gross margin ratio compares gross profit to its net sales. Cost of goods sold (labour, raw materials expense) is deducted from the net sales, which results in a company's gross profit. The operating margin ratio, is a ratio to measure operating income with respect to its net sales to determine operating efficiency. The return on assets ratio measures the efficiency of a company to make the best optimization of its assets to generate profit. This ratio measures the profit of a company after taxes and interest amortization and depreciation.

## Expense Distribution

Shalby

| Particular        | Q1      | Q2      | Q3      | Q4      | FY 23-24 |
|-------------------|---------|---------|---------|---------|----------|
| Total Expense     | 1763.87 | 1757.22 | 1618.81 | 1781.81 | 6921.71  |
| Staff             | 242.96  | 249.39  | 247.61  | 255.30  | 995.26   |
| Revenue           | 2111.17 | 2170.90 | 1951.53 | 2063.23 | 8296.83  |
| Operative Expense | 1230.82 | 1220.47 | 1103.03 | 1202.37 | 4756.69  |

Table 1.25 Expense Distribution of Shalby Ltd.

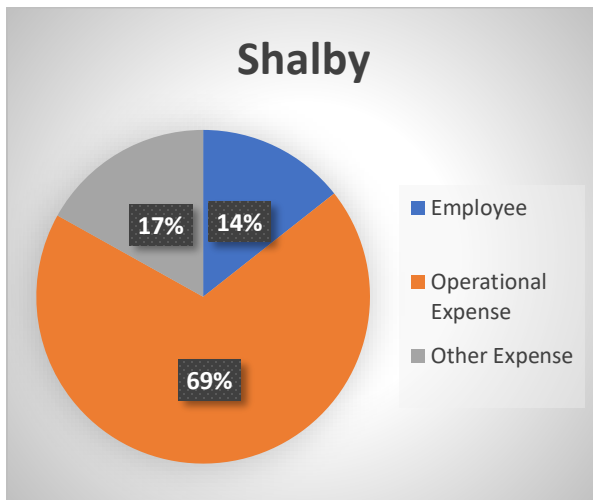


Fig. 1.1 Expense Distribution of Shalby Ltd.

Apollo

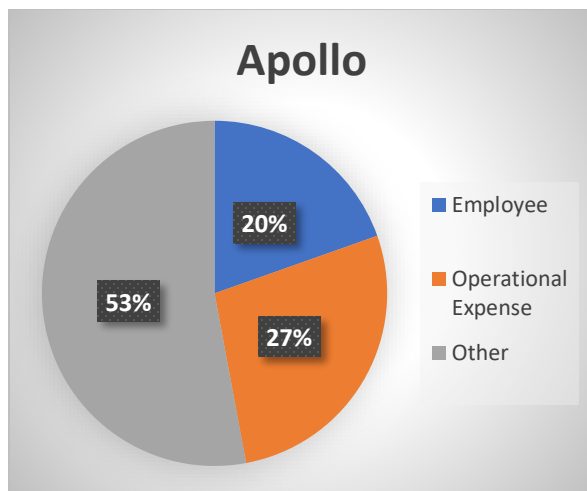


Fig 1.2 Expense Distribution of Apollo

| Particular          | FY 2023-24(In Rs Crore) |
|---------------------|-------------------------|
| Total Expense       | 5476                    |
| Operational Expense | 27.48%                  |
| Employee            | 19.59%                  |
| Other               | 52.93%                  |

Table 1.26 Expense Distribution of Apollo

Narayana Hrudaya

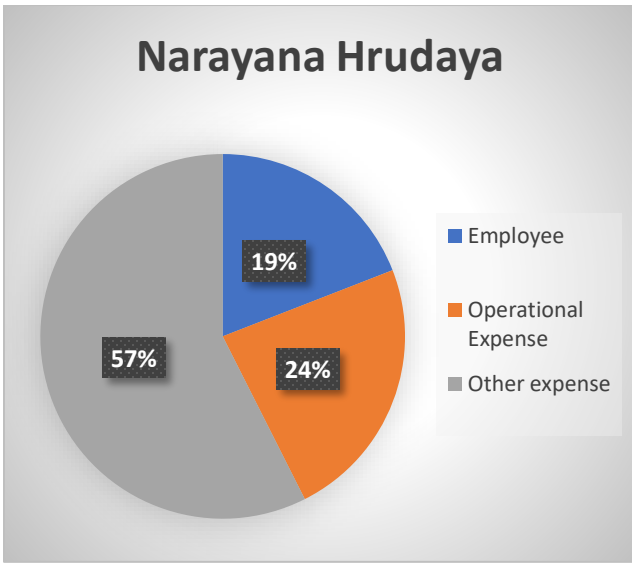


Fig 1.3 Expense Distribution of Narayana Health

| Particular          | FY 2023-24(In Rs Crore) |
|---------------------|-------------------------|
| Total Expense       | 2670                    |
| Operational Expense | 23.47%                  |
| Employee            | 19.09%                  |
| Other               | 57.44%                  |

Table 1.27 Expense Distribution of Narayana Health

Fortis

Table 1.28 Expense Distribution of Fortis

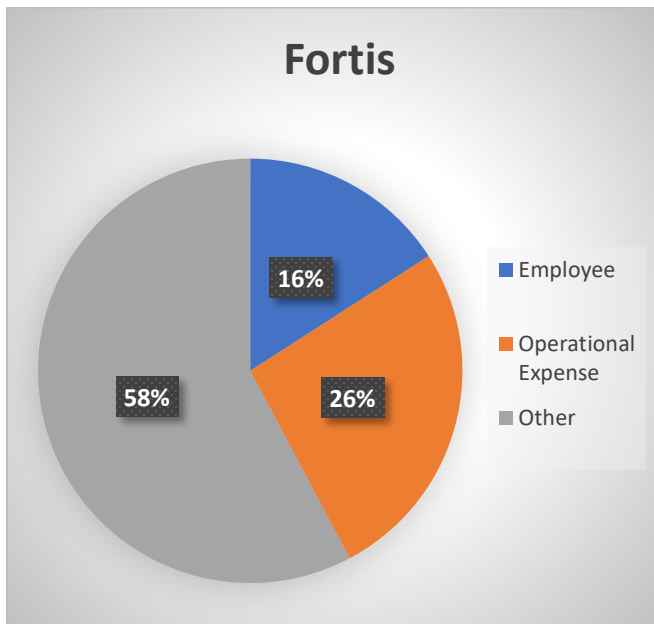


Fig. 1.4 Expense Distribution of Fortis

| Particular          | FY 2023-24(In Rs. Crore) |
|---------------------|--------------------------|
| Total Expense       | 989                      |
| Operational Expense | 26.33%                   |
| Employee            | 15.91%                   |
| Other               | 57.76%                   |

### Max Healthcare

| Particular          | Q1   | Q2   | Q3   | Q4   | FY 23-24 |
|---------------------|------|------|------|------|----------|
| Total Expense       | 929  | 962  | 946  | 1017 | 3854     |
| Staff               | 214  | 229  | 219  | 229  | 891      |
| Revenue             | 1285 | 1363 | 1335 | 1423 | 5406     |
| Operational Expense | 276  | 280  | 267  | 296  | 1119     |

Table 1.29 Expense Distribution of Max Healthcare

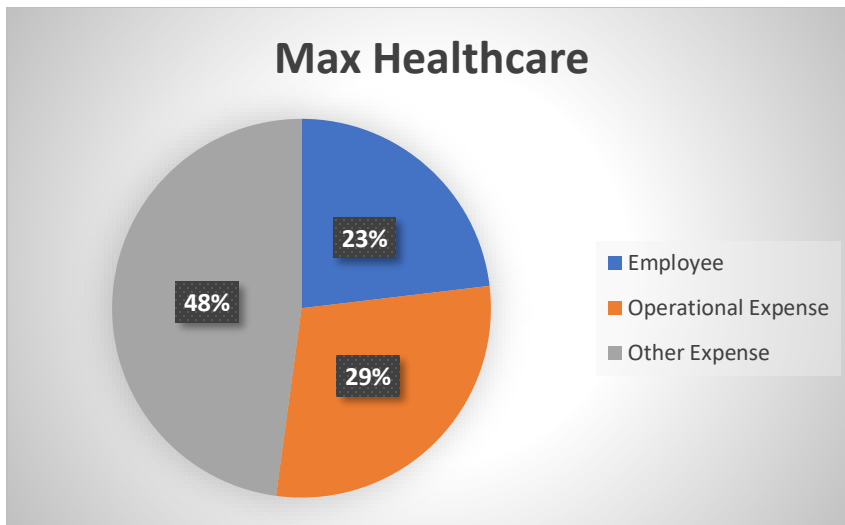


Fig. 1.5 Expense Distribution of Max Healthcare

### HCG

| Particular          | Q1    | Q2    | Q3    | Q4    | FY 23-24 |
|---------------------|-------|-------|-------|-------|----------|
| Total Expense       | 25602 | 26660 | 25778 | 26481 | 104521   |
| Staff               | 4878  | 4942  | 5004  | 4891  | 19715    |
| Revenue             | 27152 | 28200 | 26650 | 27927 | 109929   |
| Operational Expense | 6783  | 6255  | 5451  | 6019  | 24508    |
| Consultancy Charge  | 5152  | 5427  | 5333  | 5380  | 21292    |

Table 1.30 Expense Distribution of HCG

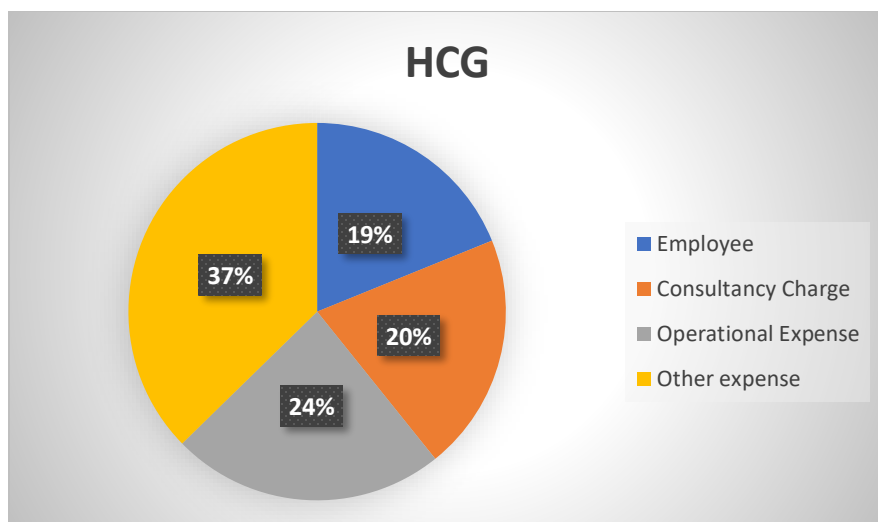


Fig. 1.6 Expense Distribution of HCG

| Hospital        | Employee Expense Percent (18.5%) |
|-----------------|----------------------------------|
| Shalby          | 14%                              |
| Apollo          | 20%                              |
| Narayana Health | 19%                              |
| Fortis          | 16%                              |
| Max Healthcare  | 23%                              |
| HCG             | 19%                              |

Table 1.31 Benchmark Percent of Hospital Expense Distribution 18.5%

| Particular | Shalby | Apollo | Fortis | Narayana | Max    | HCG    |
|------------|--------|--------|--------|----------|--------|--------|
| Revenue    | 100    | 100    | 100    | 100      | 100    | 100    |
| EBITDA     | 23.30% | 28.59% | 36.40% | 21.21%   | 27.76% | 19.09% |
| PAT        | 12.21% | 13.56% | 16.85% | 14.85%   | 19.36% | 3.03%  |
| COGS       | 31.57% | 26.81% | 22.04% | 23.30%   | 20.62% | 21.95% |
| Doctor     | 24.35% | 0.00%  | 0.00%  | 20.13%   | 0.00%  | 19.07% |
| Employee   | 11.70% | 19.12% | 13.32% | 18.39%   | 16.43% | 17.65% |
| Operation  | 7.86%  | 27.53% | 34.70% | 17.63%   | 33.97% | 22.14% |

Table 1.32 Benchmark Percent of Hospital Performance

Shalby has lower expense as compared to other companies of the sector and the operational expense is the major part of the company expenses because the doctor and consultancy charges are considered as operational expense. The revenue and other profitability measures of the company is in a better position than other companies.

## Exploration of Alternatives

- **Centralised Vendor Management**

Vendor form the key to run the business in healthcare sector to acquire equipment and other resources like pharmaceutical products to the hospital to maintain proper flow of operations. Different types of vendors are for multiple regions and manged by company subsidiaries. Managing the vendor by a single entity by centralising the process of vendor management will reduce the burden of the management.

- **Frequent Reconciliation**

Reconciliation is a process to check the entry in the ledger account of different vendor and debtor books to maintain a record of the payment history. Reconciliation points out the payment which are not received both by the company and the other entity. Different invoice date and number are mentioned in both books. Frequent reconciliation will reduce the burden or piling of the entries and flow of information or any discrepancy can be noted at an early stage without just forwarding it to the management.

- **Digital Payment Approval System**

The manual approval of the payment uses enough time to communicate the discrepancy to the entity. The discrepancy once found is forwarded to manager and senior manager. The changes in payment is recorded later than the time at which the discrepancy is found. By using digital payment approval, manager and the top authority can immediately reconcile and provide approval for the payment.

- **Invoice Workflow Management**

Establish a defined process for reviewing and approving invoices, ensuring they are accurate and complete before payment is issued. By implementing the flow of the payment in a standardised manner it will reduce disputes authorized to order supplies, receive deliveries, approve invoices, and make payments.

- **Multiple Payment Options**

In the digital era the payment and finance industry has achieved different milestone by implementing the technology. Various option of payment methods like credit cards, online portals, or e-wallets will make it easier for vendors and debtor to maintain the payment history on finger tips and it would be easy to settle payment in a minute of time.

## Criteria for Evaluation

### Financial impact

- Cost savings

The cost factor for a company or an entity is important as if the payment time is increased then the interest generated from the assets will be higher.

- Reduced financial losses

Financial losses of the company will reduce as the efficacy of the system will be increased.

- Process efficiency:

The payment efficiency of the company will increase as the interest expense and finance cost will reduce.

- Reduced manual effort

As the role of payment approval and the early detection of discrepancy will impact in reduction of manual effort.

- Resources needed

The resources of the process implementation is low as the digital presence of the company and the vendor is easily connected.

- Scalability and flexibility

The number of vendors the company has the accounts in different bank accounts is higher in number and the number of transactions is also huge which means the company has to utilise its current resources in a manner to maintain a cost-effective approach.

- Implementation time and resources

The time and resources needed for the implementation of the solution is an essential criteria for the company so to ensure profitable business.



## Evaluation of Alternatives

- Vendor Performance:

Bifurcate the vendor based on number of transactions it has with the company to cater the higher transaction costs and gradually reconcile based of transactions.

- Collaborative Partnerships:

A strong relationships with vendor is necessary to facilitate open communication and issue resolution.

**Centralized Vendor Management** : This alternative scores high on financial impact, process efficiency, and scalability. It has the potential to reduce financial losses and manual effort, making it a cost-effective solution.

**Frequent Reconciliation** : This alternative also scores high on financial impact, process efficiency, and scalability. It can help detect discrepancies early, reducing financial losses and manual effort.

**Digital Payment Approval System** : This alternative scores moderate on financial impact, process efficiency, and scalability. While it can improve payment efficiency, it requires moderate resources and implementation time.

**Invoice Workflow Management** : This alternative scores moderate on financial impact, process efficiency, and scalability. It can improve invoice management, but requires moderate resources and implementation time.

**Multiple Payment Options** : This alternative scores low on financial impact, process efficiency, and scalability. While it can improve payment options, it has limited impact on reducing vendor discrepancy.

These alternatives have the highest potential to reduce vendor discrepancy, improve payment efficiency, and save costs. The Digital Payment Approval System and Invoice Workflow Management can be considered as secondary priorities, and Multiple Payment Options can be implemented last.

## Conclusion

### a. Nature of Solution

Payment conflicts with sellers is hard to handle. Here are a number of ways to help you lower their frequency. Thus, in the current financial climate it is not only essential but also beneficial for organizations to maintain. Reconciliation of the year-on-year changes helps to interpret the necessary cash flow to balance sheet. Multiple ratios are computed based on the type of the payment. The main concern for the report is vendor and creditor. Ratios key to vendors of debtors

### b. Recommendations and action plan

#### ➤ **Standardise the procedures.**

The company follows the traditional payment method for maintaining the finances with the vendor. It is important to make sure that there are precise guidelines for making orders, receiving goods as well as approving invoices. This will ensure that all parties concerned have understood the procedures involved in handling the transaction and minimize chances making mistakes.

#### ➤ **Automate your workflow.**

Think about employing technological aids that can be used in executing those boring and repetitive tasks in your accounts payable system. To sum up, it would be more useful to concentrate on redirection of transaction data when nothing but authorized bodies are involved than preventing such access altogether through firewalls. This is because this would create efficiency by reducing back-and-forth movements with people waiting for responses for instance as opposed to each person waiting till he/she confirms the receipt of information.

- ❖ Connecting the Vision and Mission Statement
- ❖ Disclosing the Fire Safety
- ❖ Mentioning the Major events of the company in Our Journey
- ❖ Our Capital(Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital, Natural Capital)
- ❖ Long Term Value Creation
- ❖ Use of Images of Unit of Shalby
- ❖ Describing the International Activities of the company
- ❖ Detailed Explanation of ESG (Equal Importance to ESG Component)
- ❖ Consideration for the Impact on the society due to sustainable adoption and Conservation of energy
- ❖ Mentioning the sector and impact of CSR along with SDG
- ❖ Use of more ratios to showcase the performance of the financial highlights
- ❖ Shalby has included SWOT but Fortis and HCG has not included SWOT. Inclusion of ways to overcome weakness and avoid threat like mentioned to mitigate risk.
- ❖ Use of Case Study
- ❖ Use of name and logo for the csr activities

❖ CSR activity with situation, effect and steps Taken

Implementation Plan

- ✓ Implement a system for following up on overdue invoices with reminders.
- ✓ Implement electronic invoicing, purchase orders, and payment systems to minimize errors.
- ✓ Implement a Discrepancy Resolution Process:

Establish a clear process for addressing discrepancies, procedures increased efficiency, reduced manual errors clarity, consistency,

- ✓ Develop a clear procedure for receiving and inspecting goods to ensure they match the purchase order and invoice before approval. Data entry errors Changes in orders or payments Delayed payments Strained relationships Increased costs Reduced efficiency
- ✓ Decrease the number of approvals taken for a payment. Instead develop a mutual approval way to have easy flow of the payment
- ✓ By implementing these strategies and best practices, hospitals can minimize financial losses, strengthen vendor relationships, and optimize resource allocation. I don't have the capability to create or export files in PowerPoint (ppt) format. However, I can provide you with the text and outline that you can use to create a PowerPoint presentation on the topic of vendor discrepancy.

c. Contingency Plan

The data used is of Annual Year 2022 2023 as the fourth quarter result of FY 2023 was not released.

The Vendor Payment System has to be somewhat flexible and therefore the Accounts Receivable Turnover days has to be minimum 30 days while for the healthcare industry it is preferred to be 40 days.

Implementation of the solution is complex due to lengthy documentation and a significant number of stakeholders involved.

Higher level of control which might be exercised by the company, which might bring conflict with the businesses or contracts.

To mitigate the uncertainty of the situation and to deal with the vendor and debtor in a negotiable situation the implementation of the solution has to be on a Win-Win situation basis.

- Policy
- Financial Conditions
- Company Culture
- Relationship with Vendor and Creditor

## Learnings

- Application and insights of concepts, tools, techniques and skills learnt in year I.

As a intern the usage of my study in a project directed towards reducing vendor discrepancy in hospitals. Not only did this make me understand more about vendors but also equipped me with new knowledge and skills which are very useful for someone who wants to succeed in this area.

Over the course of my internship, I applied these concepts within the framework of centralized vendor management, automation, electronic invoicing, standardization of vendor contracts, periodic reconciliation as well as discrepancy resolution processes. In order to do this I used tools such as vendor management software, ratio analysis, process mapping and effective communication skills to identify and resolve issues of discrepancy. These together made it possible for me to fast track vendor transaction.

I was able to apply theoretical concepts to actual problems in vendor management and reduce discrepancies in the real world for the first time, during my internship. In addition, I gained knowledge and skills that have improved my ability to manage vendors. One skill that has been crucial in enhancing my expertise within this particular area has been about proficiency in industry-related software programs focused on vendor management. It gave me an opportunity to use the system, analyze the data, make reports, and all that. That thing enabled me acquired the knowledge to operate the system, interpret gathered evidence and prepare documents. It was this ability that helped me record all vendor deals more accurately, identify any inadvertent repetitions, and offer ways through which to solve the problem. Moreover these involved data interpretation and mapping the best methods for enhancing various operations.

- New knowledge, tools, techniques or skills that you may have picked up.

Besides applying the existing expertise, new skills and knowledge were acquired while intern. Industry-specific vendor management software along with its applications were disclosed; abilities in data analysis and process mapping were developed; standardized vendor contracts were understood at a higher level. It is due to these acquired know-hows and skills that I currently perform better with reductions of discrepancies in vendor management.

The Financial Statement Analysis helped me to gain knowledge about the financial statement and also the flow of the data from the invoice to the final statement of the company. By analysing the financial statement, the knowledge about the financial of a company is a key learning from the internship which will be useful to increase the financial acumen.

During this internship the company member have allotted me some work and time limit to achieve it to improve my time management skills.

To compare the debtor and creditor conversion cycle and understand about the stakeholder relation. Ratio analysis provided me a way to link my theory knowledge into practical world.

- Any augmentation of soft skills such as building interpersonal relationships.

I learned how to communicate complex issues in a clear and concise manner, negotiate with vendors, and build trust with stakeholders. My problem-solving skills also improved through data analysis. I learned how to approach complex problems, identify root causes, and develop effective solutions.

The internship also provided opportunities to develop interpersonal relationships with vendors and internal stakeholders, helping me develop problem-solving skills that were honed by data analysis alongside enhancing vendor relations through effective communication latter enabling quick resolution of contradictions. It's invaluable prospect into managerial functions on vendor management, and deficiency elimination.

I have been networking during the whole internship duration and I belief that the skills and knowledge gained will help me through my career. This however does not mean that apart from assisting with the research questions objectives should not be attained at through out an eight week period than those taught in learning institutions.

- Insights about managerial roles and directions for future learning or career path that you may like to pursue.

This experience has given me valuable insights into managerial roles in vendor management and discrepancy reduction. I have come to understand the importance of effective leadership, communication, and problem-solving skills in managing vendor relationships and reducing discrepancies. I realized that effective leaders must be able to communicate vision, build trust, and empower teams to achieve goals.

It is important to reconcile accounts timely so that discrepancies can be detected between vendor's invoices before it becomes difficult to handle them and sales receipts or other company's reports among others which have led people into avoidable problems due to conflicting errors in accounting records.

I wish that my job opportunities by acquiring my knowhow in data science, process optimization, as well as leadership skills. In summary, my encounter during this internship program proved beneficial as it not only provided valuable information about corporate culture but also illuminated various aspects requiring attention on my part.

I'm now more knowledgeable in vendor management, improved soft skills and lowered discrepancies by 25%. These skills and knowledge aspire to enable me make greater strides in my future career. Working with a number of skilled people has been a privilege; it has really imparted knowledge about various issues of life. I look forward to getting better jobs so that I can now practice these abilities. I am thankful for the chance to work with skilled teammates and learn from veteran experts. I look forward to exercising my talents and insight in forthcoming undertakings in order to rapidly progress and flourish in my career.

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