



# **BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES (BIITM), BHUBANESWAR**

Plot No. F/4, Chandaka Industrial Estate, Infocity, Patia, Bhubaneswar-24

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## **SUMMER INTERNSHIP PROJECT 2023**

### **REPORT TITLE**

A Study on Bills payable Management at  
Apollo Hospital

### **SUBMITTED BY**

**Priyambada Panigrahi**  
**MBA Batch: 2022-24**  
**University Regn. No: 2206258200**

#### **Faculty Guide**

Dr. Ajitav Acharya  
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CMA Golap Kumar Mondal  
Sr. Manager (Finance & Accounts)  
Apollo Hospitals Enterprise Ltd.,  
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# **Biju Patnaik Institute of Information Technology & Management Studies**

## **INTERNAL GUIDE CERTIFICATE**

This is to certify that Ms. Priyambada Panigrahi, bearing university registration no 2206258200 of 2022-24 batch, has completed her summer internship at Apollo Hospitals, Bhubaneswar from 04-09-2023 to 18-10-2023 under the supervision of CMA Golap Kumar Mondal (corporate guide) and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date:

Place: Bhubaneswar

Mr. Ajitav Acharya

Assistant Professor of Finance

BIITM, Bhubaneswar



### **TO WHOMSOEVER IT MAY CONCERN**

Dated: 3/11/2023

This is to certify that Ms. Priyambada Panigrahi a student of Master of Business Administration (MBA) of Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, Odisha, Registration No- 2206258200 has successfully completed 45 days (From 04/09/2023 to 18/10/2023) summer internship program in this company.

She has worked in the department of Finance & Accounts on a project on Corporate Finance (Receivable and Credit Management System). The aim of the project was to study the important of accounting & credit billing and collection and other accounting process in the healthcare industry.

During her tenure in our organisation she used to be very sincere, punctual, dutiful and obedient. To the best of our knowledge Ms. Priyambada Panigrahi bears a good moral character and we wish her all the best in the future endeavour.



**CMA Golap Kumar Mondal**  
**Sr. Manager-Finance & Accounts**  
**Apollo Hospitals Enterprise Ltd.**  
**Bhubaneswar**

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**Apollo Hospitals Enterprise Limited**

**Registered Office :** No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028

Corporate Identity Number (CIN) : L85110TN1979PLC008035

**Bhubaneswar Office :** Plot No. 251, Sainik School Road, Unit-15, Bhubaneswar – 751 005, India

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# **Biju Patnaik Institute of Information Technology & Management Studies**

## **DECLARATION**

I, Priyambada Panigrahi Bearing university registration no 2206258200 (2022-24 batch), hereby declare that the project report titled “A Study on Bills Payable management at Apollo Hospitals” is based on my internship at Apollo Hospitals, Bhubaneswar, during the period 04-09-2023 to 19-10-2023 and is an original work done by me under the supervision of CMA Golap Ku. Mondal (Corporate Guide) and Mr. Ajitav Acharya (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date-

Place- Bhubaneswar

Priyambada Panigrahi

## **EXECUTIVE SUMMARY**

The purpose of this project is to study and understand the financial management of the organization as a whole. It also stimulates and helps to understand the cash flow in the organization in a better way. The project gives the overview of the finance sector of the organization and the functions of Finance and Accounts departments of Apollo Hospital, Bhubaneswar.

This project gives a brief overview of the Finance and Accounts section of the Apollo Hospital profile. In order to function efficiently and effectively every organization has a functional department. It's important to divide sections so that the work can be divided into units and divisions. The finance section of Apollo Hospital, Bhubaneswar consists of credit cell and accounts which have been focused in this report. The project has few good methodologies to study different essentials of the Apollo Hospitals such as SWOT analysis i.e. strength, weakness, opportunity and threats within and outside organization and problem analysis.

Apollo hospital has very good equipment for serving their customers, which thereby makes them to feel satisfied with the services that are being provided to them. The reputed doctors and visiting consultants are another most important strength of the hospital as they provide better service to the patients thereby meeting their expectations and enhancing their satisfaction level. They also focus in the areas of healthcare insurance, which shows their keen concern for their patients. During the training period, it has also been observed that the respective department employees work efficiently and do their work on time without any delay or postponement. All the departments have their own objectives to meet with their improvement and achieve their vision along with reaching their goal.

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# **CHAPTER-1**

## **INTRODUCTION**

### **Background of the Study**

The Indian health-tech market is expected to grow at a CAGR of 39% and touch US\$ 50 billion by 2033. Healthcare has become one of India's largest sectors, both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services, and increasing expenditure by public as well private players.

India's healthcare delivery system is categorized into two major components - public and private. The government, i.e., public healthcare system, comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of Primary Healthcare Centers (PHCs) in rural areas. The private sector provides majority of secondary, tertiary, and quaternary care institutions with major concentration in metros, tier-I, and tier-II cities.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research.

India's healthcare sector is extremely diversified and is full of opportunities in every segment, which includes providers, payers, and medical technology. With the increase in the competition, businesses are looking to explore the latest dynamics and trends which will have a positive impact on their business. The hospital industry in India is forecast to increase to Rs. 8.6 trillion (US\$ 132.84 billion) by FY22 from Rs. 4 trillion (US\$ 61.79 billion) in FY17 at a CAGR of 16–17%.

India is a land full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of the population. Besides, Indian medical service consumers have become more conscious towards their healthcare upkeep. Rising income levels, an ageing population, growing health awareness and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in the future. Greater penetration of health insurance aided the rise in healthcare spending, a trend likely to intensify in the coming decade. The Government aims to develop India as a global healthcare hub and is planning to increase public health spending to 2.5% of the country's GDP by 2025.

## Rationale of the Study

### **Relevance to Apollo Hospital, Bhubaneswar:**

Apollo Hospital, Bhubaneswar, as a leading healthcare institution, faces a multitude of challenges and responsibilities in delivering quality healthcare services to its patients. Efficient financial management is crucial to its ability to fulfill its mission. Therefore, the study on accounts payable holds significant relevance for several key reasons:

- **Financial Health and Sustainability:** Apollo Hospital, like any healthcare facility, relies on a consistent cash flow to meet its operational and capital needs. Managing accounts payable efficiently is essential for maintaining financial stability, ensuring the hospital can continue to provide high-quality care.
- **Supplier and Vendor Relations:** Healthcare delivery heavily depends on timely access to medical supplies, pharmaceuticals, and other services. The hospital's relationships with suppliers and vendors are pivotal in this regard. Delays or disputes in accounts payable could strain these crucial relationships.
- **Cost Control and Optimization:** In the healthcare sector, where cost control is paramount, accounts payable often represents a significant portion of expenses. Addressing inefficiencies or inaccuracies in the AP process can directly impact cost control and cost optimization efforts.
- **Regulatory Compliance:** Healthcare organizations operate in a highly regulated environment. Timely and accurate payment of bills and invoices is necessary for compliance with financial regulations and standards.
- **Cash Flow Management:** Managing cash flow is particularly challenging in healthcare due to the unpredictability of patient volumes and the need for significant working capital. Effective AP management can help balance cash inflows and outflows, preventing liquidity crises.
- **Process Efficiency:** Streamlining accounts payable processes can lead to operational efficiency gains. It can reduce manual errors, time delays, and redundant tasks, allowing staff to focus on patient care rather than administrative burdens.

**Challenges and Issues in Accounts Payable:** Apollo Hospital, Bhubaneswar, like many healthcare institutions, may face specific challenges in their accounts payable processes. Some of these challenges and issues could include.

- **Invoice Processing Delays:** Delays in processing invoices can lead to late payments, potentially damaging vendor relationships and incurring penalties.
- **Inaccuracies and Discrepancies:** Errors in invoice data entry or payment calculations can result in overpayments, underpayments, and accounting discrepancies.
- **Manual Processes:** A heavy reliance on manual processes can slow down the AP workflow, increasing the likelihood of errors and inefficiencies.
- **Vendor Management:** Challenges related to vendor negotiations, vendor performance evaluation, and contract compliance may exist.

- **Lack of Automation:** Limited use of technology and automation in the AP process could hinder efficiency and data accuracy.

In conclusion, this study on accounts payable is relevant to Apollo Hospital, Bhubaneswar, because it directly impacts the hospital's financial health, vendor relationships, cost control efforts, and overall operational efficiency. By addressing the challenges and issues associated with accounts payable, the hospital can ensure the smooth functioning of its financial operations and, ultimately, its ability to provide quality healthcare services to the community.

## **Objectives of the Study**

The primary objectives of this study are as follows:

- To analyze the significance of accounts payable in the context of financial management.
- To identify and assess the challenges and bottlenecks faced by organization in managing their accounts payable.
- Analyze Current Accounts Payable Processes

The primary objective of this research is to conduct a comprehensive analysis of Apollo Hospital's existing accounts payable processes. This includes the examination of workflow, documentation, and the sequence of activities from invoice receipt to payment.

## **Scope of the Study**

**Geographical Area:** The study focuses exclusively on Apollo Hospital located in Bhubaneswar, Odisha, India. It encompasses accounts payable processes at other Apollo Group hospitals or locations.

### **Time Frame:**

The study covers a specific time frame, which includes the most recent fiscal year 2022 and 2023. Historical data beyond this time frame is not included.

### **Internal Focus:**

The research primarily concentrates on internal aspects of accounts payable at Apollo Hospital, such as the hospital's procedures, and practices.

External factors impacting accounts payable (e.g., changes in vendor terms, regulatory changes) are considered to the extent that they directly affect the hospital's AP operations.

### **Data Collection and Analysis:**

Data for the study will be collected through interviews, document analysis, and observations within the hospital's accounts payable department. Data analysis will include both quantitative and qualitative methods to gain a comprehensive understanding of the AP processes.

## **Research Methodology**

To achieve the objectives of this study, a comprehensive research methodology will be employed. The research will encompass both qualitative and quantitative approaches. By employing this research methodology, we aim to provide a comprehensive and well- rounded exploration of accounts payable management, offering practical insights and recommendations for businesses seeking to improve their financial performance and supplier relationships.

The effective management of accounts payable is integral to Apollo Hospital's financial stability, operational efficiency, and strategic growth.

This research project aims to delve deeper into the hospital's accounts payable processes, analyze existing challenges, and provide recommendations to enhance the management of accounts payable, aligning it with the hospital's broader financial goals. Through this study, we seek to contribute to the hospital's mission of delivering exceptional healthcare services while maintaining financial prudence.

## **Limitation**

- Most bill payables are short term obligations.
- That can cause problems; especially if the shipment is found to have quality problems or fails to appear all together.
- A complex or unorganized billing process can divert many patients from coming back to the same healthcare organization and thus put a pause to the cash flow.

# **CHAPTER-2**

## Company Profile

Healthcare has become one of India's largest sectors, both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services, and increasing expenditure by public as well private players.

India's healthcare delivery system is categorized into two major components - public and private. The government, i.e., public healthcare system, comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of Primary Healthcare Centers (PHCs) in rural areas. The private sector provides majority of secondary, tertiary, and quaternary care institutions with major concentration in metros, tier-I, and tier-II cities.

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Apollo Hospitals, Bhubaneswar, is a renowned healthcare institution dedicated to providing world-class medical services to the people of Odisha and surrounding regions. Founded on a commitment to clinical excellence, patient-centric care, and innovation, Apollo Hospital, Bhubaneswar, has become a pillar of the healthcare ecosystem in the region.

Type of Business Entity:	Private
Industry :	Healthcare
Founded :	1983
Head Quarters :	Chennai, India
Key People :	Prathap C. Reddy, Founder and Chairman Preetha Reddy, Vice Chairman K. Hari Prasad, President-Hospital Division
Revenue	147,408 m in FY22
Employees	62,939 (2020)

### History

Apollo Hospital, Bhubaneswar, is part of the Apollo Hospitals Group, one of Asia's largest and most respected healthcare organizations. The Apollo Hospitals Group was founded in 1983 by Dr. Prathap C. Reddy in Chennai, India.

The Bhubaneswar branch of Apollo Hospitals opened its doors in 2010. Since then, it has continuously expanded its range of services and infrastructure to meet the growing healthcare needs of the community.

### Company Vision

The vision of Apollo Hospitals is to be a global leader in healthcare, delivering patient- centric, advanced, and affordable medical services with the utmost compassion and integrity.

### Mission Statement

“Our mission is to bring healthcare of international standards within the reach of every individual. We are committed to the achievement and maintenance of excellence in education, research and healthcare for the benefit of humanity”

### USP (Unique Selling Proposition)

Apollo Hospitals' USP lies in its unwavering commitment to delivering quality healthcare that combines the latest medical advancements with compassionate patient care. Key factors that contribute to its USP include:

- A vast network of world-class hospitals and healthcare facilities.
- A team of highly skilled and experienced medical professionals.
- State-of-the-art infrastructure and advanced medical technology.
- Comprehensive healthcare services that cater to a wide range of medical needs.

### Size and Infrastructure

Apollo Hospitals, Bhubaneswar, is strategically located in the capital city of Odisha, serving the healthcare needs of not only the city but also the entire state.

Apollo Hospital, Bhubaneswar, boasts a state-of-the-art infrastructure that includes modern clinical facilities, advanced medical equipment, and a dedicated team of healthcare professionals.

As part of the larger Apollo Hospitals network, this facility is part of a vast network of 71 hospitals and healthcare centers spread across India and internationally. The network includes branches in major cities, making Apollo Hospitals one of the largest and most comprehensive healthcare providers in the country.

It features 350 beds, ensuring the availability of inpatient care for a diverse range of medical conditions.

### Products

Apollo hospital provides quality healthcare services with more than 53 branches across the country. Prominently Apollo is known best for heart problems and Knee and Hip replacement surgeries besides other major ailments. The specialties include – Heart, Orthopedics, Spine, Cancer Care, Gastroenterology, Neurosciences, Nephrology & Urology Critical Care.

### Price

The hospital is priced premium and it can afford to do the same because of its positioning and its assurance as well as the reliability on the brand of Apollo hospitals. Along with it, it also helps that there are so many locations and specialties in Apollo hospitals. Thus, a patient is reassured of his wellbeing.

### Place

Apollo Hospitals has around 8500 beds across 53 hospitals in India and overseas. It is located in 15 different places across India which include Ahmedabad, Aragonda, Bangalore, Bhubaneswar, Bilsapur, Chennai, Delhi, Hyderabad, Kakinada, Kolkata, Madurai, Mauritius, Mysore Noida.

### Promotion

Apollo promotes itself through the Community Initiatives viz

- SACH- Save a Childs Heart.
- CURE-Extends preventive as well as rehabilitative cancer treatment to the economically backward.
- SAHI-Society to Aid the Hearing Impaired
- DISHA- Distance Health Care Advancement Project

### Services Offered

Apollo Hospital, Bhubaneswar, offers a comprehensive array of medical services, including:

#### **Corporate Services**

- Customized Preventive Health Checks
- Outpatient Facilities
- Consultation across 57 Specialties
- Inpatient Facility
- Priority Admission
- Radiation Packages
- Choice of rooms
- Exclusive diet for patients
- Multi-cuisine Service

#### **Emergency & Trauma**

- Fully-equipped ambulance capable of handling all emergencies
- Toll free Emergency number 1066
- Telemedicine
- On site Telemedicine facility in areas where medical consultation is not available
- Occupational Health Centre
- On-site Doctor
- Medical Manpower Assistance
- Ambulance Service

### **Corporate Plus**

- Screening Camps
- Awareness Lectures
- Open Session with doctors
- Health and Wellness Workshops
- Support Groups
- BLS Training
- Second Opinion Clinic
- Clinical Conferences
- Annual Employee Health Check Review
- Co-Branding Initiative

### **Other Services**

- Corporate/Insurance Help Desk
- Cashless facility
- Complimentary medical and lifestyle journals
- Privilege Card
- Guest accommodation
- Bank and ATM facility

### **Customer Segment**

Segmentation helps in understanding characteristics of different groups of the population having similar attributes. Apollo Hospital uses demographic and psychographic segmentation strategies with variables such as age, gender, income, region, and marital status

#### **Geographic Segmentation:**

Geographic segmentation is dividing the overall market based on different geographic units such as – countries, continents, zip codes, states, trading blocks, cities, and neighborhoods. Geographic segmentation is highly efficient for Apollo Hospitals in the international markets because the prospective customers have different culture, preferences, and administrative systems. Secondly, if the cost of transportation is critical cost in the value proposition delivery then it is prudent to do geographic segmentation as the costs of serving customers in different locations will be completely different.

#### **Demographic Segmentation:**

Demographic segmentation is dividing the mass market into smaller segments and groups based on gender, income, occupation, age, life cycle stage, ethnicity, religion, and generation. As the products of Apollo Hospitals provide a superior value proposition, it should segment the customers based on two main demographic criteria – income of the prospective customer and life cycle stage. One of the most widely used demographic segmentation frameworks in United States by various marketers is – PRIZM.

### **Behavioral Segmentation:**

Behavioural segmentation divides buyers into groups based on their - attitudes, product knowledge, product uses, and other responses to a product. Many marketing experts believe that behaviour variables are a good starting point to build consumer segments. For example, for any service – Freemium model is a far more effective segmentation strategy than geographic, demographic, or psychographic. The behaviour segmentation can help the organization to focus on key features, and provide the consumers with features that they are more likely to use. Continuous engagement leads higher customer satisfaction rates and high net promoter score.

### **Psychographic Segmentation:**

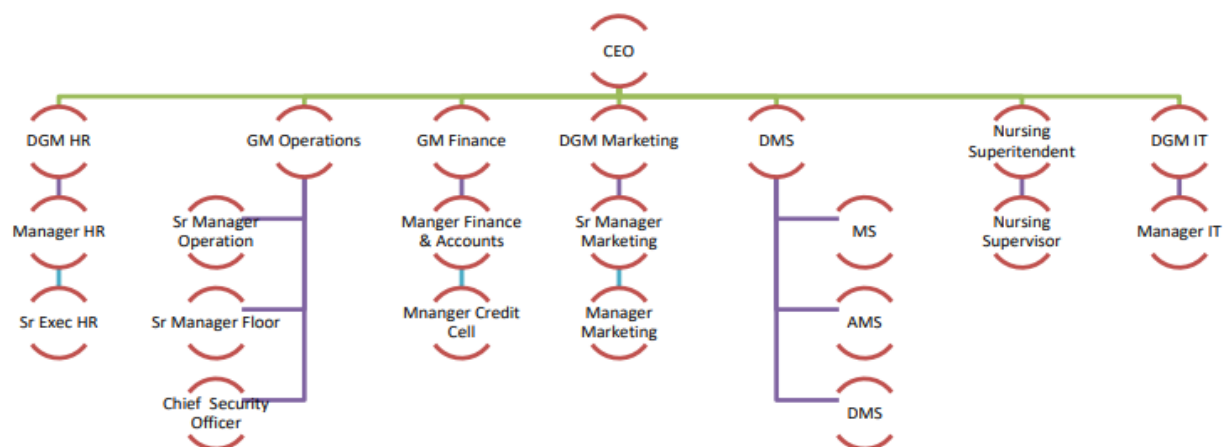
In the marketing world, lifestyle-oriented interests, activities, and opinion, are categorized under psychographic variables. Apollo Hospitals can use psychographic segmentation to divide the potential buyers into different segments based on – personality characteristics, buying patterns, consumption opinion, opinion on social issues, leisure activities, hobbies, and many other dimensions. Psychographic segmentations are effective because people in the same demography can have different psychographic characteristics based on individual life experiences and growing up environment.

### Positioning Strategy

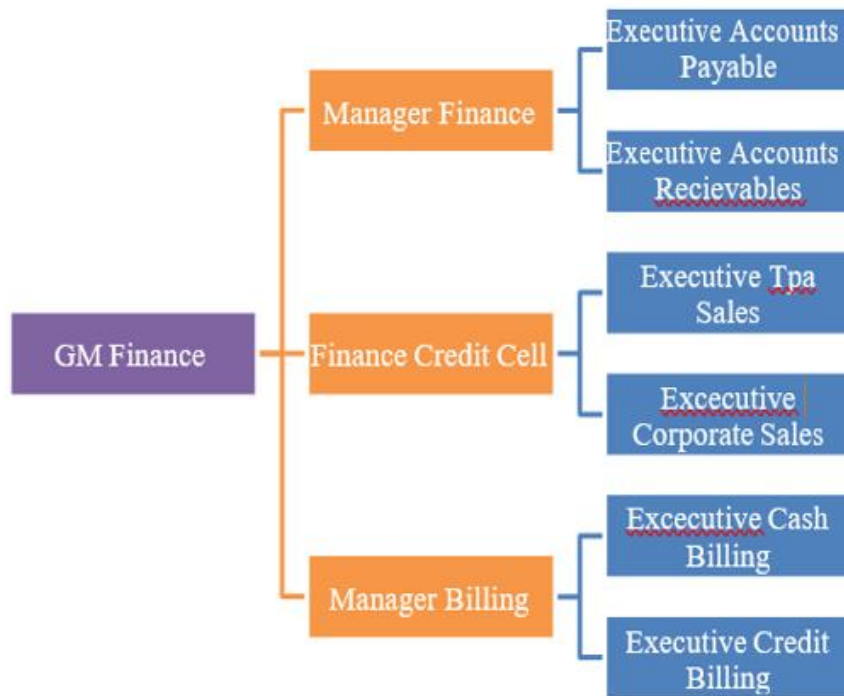
Apollo use online promotion via fb page to position itself to its target segments. Offer easiest ways to online appointment, better telemedicine service, fastest online ambulance service, Online post service facilities, complaining to appropriate authority through Facebook, SMS, Email, hotline etc. These: help Apollo to differentiate and position itself successfully in the competitive Markets.

### Organizational Structure

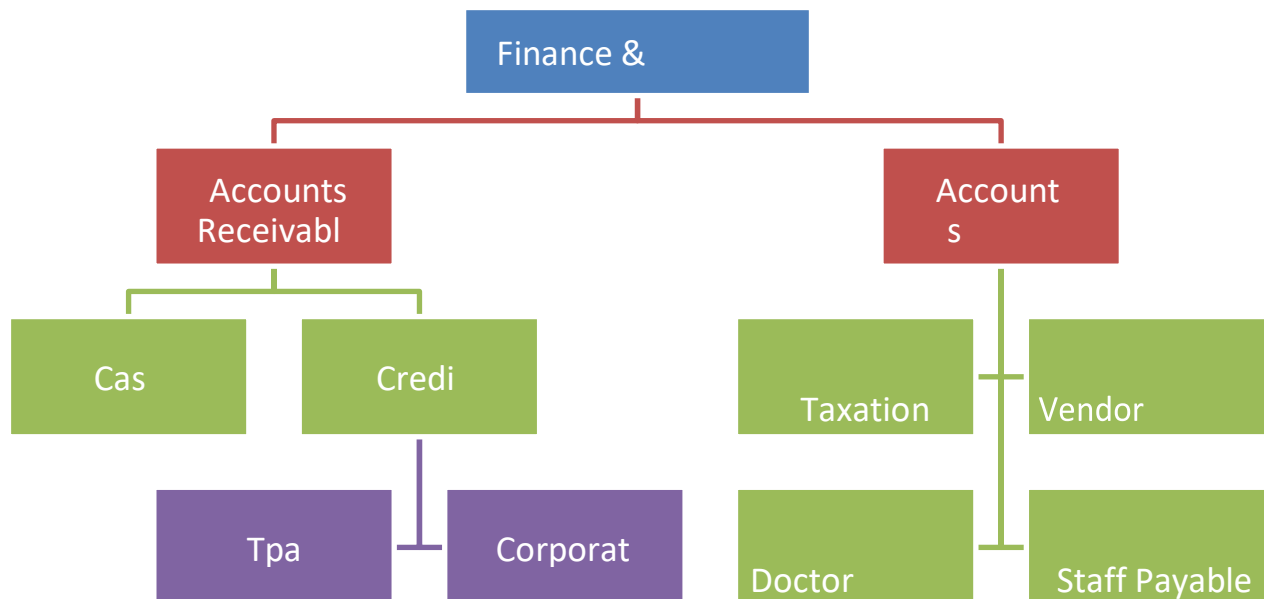
Apollo Hospitals operates under a well-defined organizational structure, with a strong leadership team comprising experienced healthcare professionals, administrators, and management experts. The structure ensures efficient healthcare delivery, effective management, and a patient-centric approach across all its facilities.



## Hierarchical Structure of Finance & Accounts Department



## Functional Structure of Finance & Accounts Department



### Financial Performance

Apollo Hospitals Enterprise Limited reported earnings results for the second quarter and six months ended September 30, 2023. For the second quarter, the company reported sales was INR 48,469 million compared to INR 42,511 million a year ago. Revenue was INR 48,691 million compared to INR 42,737 million a year ago. Net income was INR 2,329 million compared to INR 2,040 million a year ago. Basic earnings per share from continuing operations was INR 16.2 compared to INR 14.19 a year ago. Diluted earnings per share from continuing operations was INR 16.2 compared to INR 14.19 a year ago. For the six months, sales was INR 92,647 million compared to INR 80,467 million a year ago. Revenue was INR 93,151 million compared to INR 80,853 million a year ago. Net income was INR 3,995 million compared to INR 5,211 million a year ago. Basic earnings per share from continuing operations was INR 27.78 compared to INR 36.24 a year ago. Diluted earnings per share from continuing operations was INR 27.78 compared to INR 36.24 a year ago.

## **Industry Analysis**

### **Health care Industry**

India's healthcare industry has grown significantly in both employment and income. The expansion of coverage, services, and rising spending by both public and private entities are all contributing to the rapid growth of the Indian healthcare industry. The abundance of highly qualified medical personnel in India is a competitive advantage. Comparing India to its counterparts in Asia and Western nations, it is also cost-competitive. Surgery in India costs roughly a tenth of what it does in the US or Western Europe.

The Indian healthcare sector is expected to record a three-fold rise, growing at a CAGR of 22% between 2016–22 to reach US\$ 372 billion in 2022 from US\$ 110 billion in 2016. By FY22, Indian healthcare infrastructure is expected to reach US\$ 349.1 billion. The e-health market size is estimated to reach US\$ 10.6 billion by 2025. The healthcare sector is expected to generate 27 lakh jobs in India between 2017-22, over 5 Lakh jobs per year.

The Indian medical tourism market was valued at US\$ 2.89 billion in 2020 and is expected to reach US\$ 13.42 billion by 2026. According to India Tourism Statistics at a Glance 2020 report, close to 697,300 foreign tourists came for medical treatment in India in FY19. India has been ranked tenth in the Medical Tourism Index (MTI) for 2020-21 out of 46 destinations by the Medical Tourism Association. With US\$ 5-6 billion size of medical value travel (MVT) and 500000 International patients annually, India is among the global leader destinations for international patients seeking advanced treatment.

In the Union Budget 2023-24, the government allocated Rs. 89,155 crore (US\$ 10.76 billion) to the Ministry of Health and Family Welfare (MoHFW). The health sector has been allocated Rs. 89,155 crore (US\$ 10.76 billion) in the Union Budget 2023-24, a hike of around 13% as against Rs. 79,145 crore (US\$ 9.55 billion) allocated in 2022-23. The Government of India approved the continuation of the 'National Health Mission' with a budget of Rs. 36,785 crore (US\$ 4.44 billion) under the Union Budget 2023-24.

The Hospital Industry is one of the most important components of the value chain in the healthcare industry. The industry is growing at the rate of 14% annually. The size of the Indian healthcare industry is estimated to grow at Rs 1,717 billion in 2025. It is estimated to further grow by 3,163 billion at 13% compounded annual growth rate.

Over 55,000 hospitals and lakhs of clinics and other healthcare delivery centers constitutes the largest segment of the Healthcare Industry in India together contributing to over 68% of the industry's total revenue.

## MICHAEL PORTER'S FIVE FORCE ANALYSIS

Application of this model can help Apollo Hospitals of India to determine the industry attractiveness and understand its competitive positioning in the market. The analysis can also be used to make some strategically wise decisions that could improve the performance of Apollo Hospitals of India and ensure long-term survival.

### **Threats of new entrants:**

Threat of new entrants reflects how new market players impose threats to the existing market players. If the industry will be profitable and barriers to enter the industry will be low, it will attract more players and hence, the threat of new entrants will be high. The threat of new entry is quite high: if anyone looks as if they're making a sustained profit, new competitors can come into the industry easily, reducing profits. Ex-AMRI Hospital, Kalinga Hospital.

### **Threat of Substitute Products or services:**

The availability of substitute products or services makes the competitive environment challenging for Apollo Hospitals of India and other existing players. High substitute threat shows that customers can use alternative products/services from other industries to meet their needs. Various factors determine the intensity of this threat for Apollo Hospitals. There is some threat of substitution. Ex Telemedicine or shifting to other medicine like Ayurveda or natural care.

### **Rivalry among existing firms:**

The Rivalry among existing firms shows the number of competitors that give tough competition to the Apollo Hospitals of India. A High rivalry shows Apollo Hospitals of India can face strong pressure from the rival firms, which can limit each other's growth potential. Profitability in such industries is low as firms adopt aggressive targeting and pricing strategies against each other. Competitive rivalry is extremely high: if someone raises prices, they'll be quickly undercut. Intense competition puts strong downward pressure on prices.

### **Bargaining Power of Suppliers:**

Bargaining power of suppliers in the Porter 5 force model reflects the pressure exerted by suppliers on business organizations by adopting different tactics like reducing the product availability, reducing the quality or increasing the prices. When suppliers have strong bargaining power, it costs the buyers- (business organizations). Moreover, high supplier bargaining power can increase the competition in the industry and lower the profit and growth potential for Apollo Hospitals of India. Similarly, weak supplier power can make the industry more attractive due to high profitability and growth potential.

## Bargaining Power of Buyers:

Bargaining power of buyers indicates the pressure that customers exert on the business organizations to get high quality products at affordable prices with excellent customer service. This force directly influences the Apollo Hospitals of India A's ability to accomplish the business objectives. Strong bargaining power lowers profitability and makes the industry more competitive. Whereas, when buyer power is weak, it makes the industry less competitive and increase the profitability and growth opportunities for Apollo Hospitals Buyer Power is strong, again implying strong downward pressure on prices.

## SWOC Analysis (Strengths, Weaknesses, Opportunities, and Challenges)



Apollo Hospitals continues to evolve and adapt to address these factors, ensuring its position as a leader in the healthcare industry while striving for constant improvement and innovation in patient care and services.

# **CHAPTER-3**

## Competitor Analysis

A Competitor analysis, also called competitive analysis and competition analysis, is the process of examine similar brands in your industry to gain insight into their offerings, branding, sales and marketing approaches. Knowing your competitors in business analysis is important if you're a business owner, marketer, start-up founder, or product developer. A competitor analysis offers several benefits, including:

- Understanding industry standards so that you can meet and exceed them
- Discovering untapped niche markets
- Differentiating products and services
- Fulfilling customers' desires and solving their problems better than competitors
- Distinguishing your brand
- Standing out in your marketing
- Measuring your growth

The main competitors of Apollo Hospitals are,

- Kalinga Hospital
- Care Hospital
- AMRI Hospital
- Utkal Hospital
- AIMS Hospital
- SUM Hospital

The above sections provide a competitor analysis frame work for evaluating your industry's competitive landscape. Return to this framework regularly and apply insights to developing your business. By reviewing any notes, plans or other business development legwork you have completed and ground yourself in your business values, goals, branding, products and services. That way, we can easily identify existing brands that target customers might choose over brand.

## Competitors Profile

Apollo is an amazing multi-specialty hospital however it is not alone in health care sector to achieve success. In Odisha, especially in Bhubaneswar, healthcare sector does not have a monopolistic market.

A few searches notable organization that we can assume competitors to Apollo, Bhubaneswar are,



Top 5 Competitors of Apollo Hospitals are described below,

❖ Kalinga Hospital



KALINGA HOSPITAL LIMITED (KHL) one of the pioneers of a state of the art Multi Super Specialty Hospital committed to provide compassionate care to the people of Odisha and adjoining region. Since commencement in 1990, the hospital has been serving the community by delivering preventive, curative and rehabilitative services to the patients from all the economic and social strategy

Clinical Finesse, Sincere Service, Dedicated People, Affordable Price and Unmatched Quality are the five pillars of the hospital. Situated at a strategic location in the city, it is well connected with railway station (8 Km.), airport (14 Km.) and national highway (5 Km). Buildup 10 acres of picturesque landscape, the experience conjures up images of hope and happiness.

❖ CARE Hospital



CARE Hospitals is a multi-super speciality hospital offering a wide variety of medical services including Cardiac Sciences, Neuro Sciences, Renal Sciences, Medical and Surgical Gastroenterology and Orthopedics, as well as high-end Critical Care and Emergency medicine and all major specialties. also provides the facility of health packages. These packages are meant to provide better healthcare facilities at a reasonable cost to the citizens of the country.

#### ❖ AMRI Hospital



Ranked among Odisha's premier healthcare institutions, AMRI Hospitals Bhubaneswar offers tertiary-level clinical care supported by a diverse team of skilled doctors, well- trained nurses, and paramedical professionals. This collaboration ensures exceptional clinical outcomes and brings cutting-edge healthcare technologies to Eastern India. With state-of-the-art equipment and modern facilities, the hospital brings high-quality medical care closer to the people of Odisha, sparing them the need to seek treatment in other parts of the country.

#### ❖ SUM Hospital



Sum ultimate Medicare is a one-stop, multi-super specialty quaternary care hospital committed to providing medical excellence across with spectrum of medical and surgical interventions, along with a comprehensive mix of follow-up services. The state-of-the-art healthcare facility provides an ecosystem of healing with high-quality care and integrates a wide spectrum of clinical education and research opportunities.

#### ❖ AIMS Hospital



All India institute of medical sciences, Bhubaneswar is one of the apex healthcare Institute established by the Ministry of Health & Family Welfare, Government of India under the Pradhan Mantri Swasthya Suraksha Yona (PMSSY). Under this scheme six new All India Institute of Medical Sciences have been established at Patna, Raipur, Bhopal, Bhubaneswar, Jaipur and Rishikesh apart from the one at New Delhi.

# **CHAPTER-4**

## **Customer Analysis**

The purpose of undertaking customer analysis as part of a business plan is to examine the consumers most likely to purchase your product or service in depth. Brands can establish different groups of customers and the needs of those customers. Get detailed insight about how your customers are acquired, time taken to acquire customers, lead source with highest Conversion and much more customer analysis reports help you visualize how many customers were acquired by your team during a particular duration.

A service report of Apollo Hospitals extracts invaluable information and insights from customer service data, allowing them to meet customer expectations and provide a better experience. By increasing service levels organizations can ultimately generate business value and increase profits. The hospital sector serves a diverse range of customers with unique needs and expectations. By effectively understanding and catering to these customers, hospitals can provide high-quality healthcare services. Let's explore the different types of customers in the hospital industry and their specific roles and requirements. Customer segmentation is crucial in the hospital sector to tailor services to specific groups. By categorizing patients based on their demographics, medical conditions, and preferences, hospitals can provide personalized care and enhance patient satisfaction. Through effective segmentation

### **Types of Customers in the Hospital Industry:**

#### **Individual Patients**

Individual patients form a significant customer group in the hospital sector. They seek medical attention for various conditions, ranging from routine check-ups to complex surgeries. Meeting their healthcare needs requires patient-centric care, excellent communication, and a compassionate approach.

#### **Health Insurance Companies**

Health insurance companies play a vital role in the hospital sector as customers. Hospitals need to collaborate closely with insurance providers to ensure seamless claims processing, accurate billing, and timely reimbursement. Establishing strong partnerships with insurance companies is integral for financial sustainability in healthcare.

#### **Government**

The government is a significant customer in the hospital sector, particularly in countries with public healthcare systems. Public hospitals rely on government funding and contracts to serve the population. The government plays a critical role in healthcare policy-making, regulation, and overall healthcare system management.

#### **Corporate Customers**

The hospital sector also caters to the needs of corporate customers. From employee wellness programs to occupational health services, hospitals offer a range of services to support the health and well-being of the workforce. Collaborating with corporations can create mutually beneficial partnerships for employee healthcare.

### Providing Exceptional Care: A Focus on Customers

In the hospital sector, understanding and valuing customers is essential for delivering exceptional care. By employing patient-centric approaches, hospitals can enhance customer satisfaction, promote positive health outcomes, and build a strong reputation. Prioritizing customer needs and expectations ensures that hospitals remain at the forefront of healthcare excellence.

### Customer-Centric Innovations in Hospital Services

Hospitals are constantly embracing innovations to enhance customer experience and streamline processes. From online appointment scheduling systems to telemedicine services, customer-centric innovations improve access, convenience, and overall satisfaction. Hospitals that proactively leverage technology create a competitive edge and meet the evolving needs of their customers.

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### The Power of Customer Feedback in the Hospital Sector

Customer feedback is a valuable resource for hospitals. By actively listening to patients' experiences, hospitals can identify areas for improvement and make necessary changes. Regularly collecting and analyzing customer feedback helps hospitals enhance service quality, patient safety, and overall satisfaction.

### Measuring Customer Satisfaction in the Hospital Sector

Capturing and measuring customer satisfaction is crucial for hospitals. Patient surveys, feedback forms, and online reviews offer insights into the quality of care provided. By analysing satisfaction metrics, hospitals can identify strengths, address shortcomings, and continuously improve their services to meet customer expectations.

### Understanding the Buyers, Influencers, and Consumers in the Hospital Sector

In the complex world of the hospital sector, key stakeholders play a vital role in shaping purchasing decisions. Identifying the buyers and influencers is crucial to successfully navigate this environment. Additionally, understanding the role of consumers in the decision-making process is essential. Let's explore the importance of targeting and engaging with these stakeholders.

## Key Stakeholders in the Hospital Sector

### Buyers

These individuals have the authority to make purchasing decisions and are responsible for procuring products and services on behalf of the hospital.

### Influencers

These stakeholders have the power to shape the decision-making process by offering expert advice and recommendations to the buyers.

### Consumers

Patients and healthcare professionals who ultimately use the products and services provided by the hospital are an essential group of stakeholders.

These individuals are the ultimate decision-makers and hold the power to approve purchases.

## Influencers in the Hospital Sector

### Physicians

The medical expertise and recommendations of physicians greatly influence the purchasing decisions made by the hospital.

### Nurses

With their extensive knowledge of patient care, nurses can greatly influence the choice of products and services used in hospitals.

## Consumers in the Hospital Sector

Hospitals aim to provide the best possible care to patients. Patients themselves, as well as other healthcare professionals, are considered consumers. Their preferences and needs should be considered to ensure the delivery of high-quality care.

## Importance of Targeting and Engaging with these Stakeholders

To succeed in the hospital sector, it is vital to understand and engage with the buyers, influencers, and consumers. By tailoring your offerings to meet their needs and earning their trust, you can establish long-term partnerships and drive growth.

## The Decision-Making Process

The decision-making process in the hospital sector often involves board meetings, where key stakeholders discuss and evaluate potential purchases.

Healthcare professionals play a critical role in influencing decisions by providing feedback on the products and services they encounter.

## Ensuring Success in the Hospital Sector

### Provide Superior Quality

Deliver products and services that meet the highest standards to gain trust and loyalty from buyers, influencers, and consumers.

### Build Strong Relationships

Foster open communication, establish partnerships, and collaborate with stakeholders to understand their needs and generate mutual benefits.

### Stay Updated with Industry Trends

Continuously monitor the evolving landscape to identify emerging needs and adapt your offerings to remain competitive in the hospital sector.

### Understanding the Buying Decision Making Process in the Healthcare Industry

The buying decision making process in the healthcare industry is a complex journey that involves several stages. From identifying the need for a healthcare product or service to the post-purchase behaviour, customers go through a series of steps to make informed decisions.

### Customer Involvement: A Key Factor in the Buying Decision Making Process

Customer involvement plays a critical role in the buying decision making process. Engaging customers in the decision-making process not only enhances their satisfaction but also increases their sense of ownership. In the healthcare industry, involving patients and their families in the decision-making process can lead to improved healthcare outcomes and patient experience.

### Habitual Buying Behavior: A Common Pattern in the Healthcare Industry

In the healthcare industry, habitual buying behaviour is prevalent due to the necessity of ongoing medical treatments and the established relationships with medical providers. Patients often develop a routine of purchasing products or services from familiar healthcare providers, guided by trust, convenience, and a comfortable experience.

### Addressing Dissonance in the Healthcare Industry

#### What is Dissonance?

Dissonance refers to the psychological discomfort that arises when individuals experience doubts or regrets after making a purchase decision. In the healthcare industry, dissonance can occur when patients question the effectiveness or appropriateness of a chosen treatment or provider.

#### Managing Dissonance

Healthcare organizations can reduce dissonance by providing clear and transparent information about their products and services. Effective communication, personalized care, and follow-up support can also alleviate post-purchase doubts and build trust with patients.

### Post Purchase Behavior: A Window of Opportunity in the Healthcare Industry

The post-purchase behaviour of customers in the healthcare industry offers a valuable opportunity for healthcare providers to nurture long-term relationships and enhance customer satisfaction. Proactive follow-up, personalized aftercare, and continuous engagement can significantly impact patient loyalty and advocacy.

### AIDA Model of Hospital Sector Product

Dive into the world of marketing and learn about the powerful AIDA model and its significance in the hospital sector. Discover the analysis of a unique hospital product and explore how the AIDA model can be applied to capture the attention, interest, desire, and action of the target audience. Join me on this insightful journey!

### Introduction

The AIDA model is an essential tool used in marketing to understand and influence consumer behaviour. By breaking down the process into four key stages - attention, interest, desire and

action - the AIDA model provides a framework for creating effective marketing strategies. In this section, we will explore the concept of the AIDA model and its importance in the hospital sector.

### Product Analysis

Let's delve into the fascinating world of the hospital sector product. With its unique features and benefits, this product stands out from the competition. Discover the captivating aspects that make this product a game-changer in the healthcare industry.

### Application of AIDA Model

Now that we understand the AIDA model and have analysed the hospital sector product, it's time to apply this powerful framework. Explore how each stage of the AIDA model plays a crucial role in capturing the attention, generating interest, creating desire, and motivating action in the target audience.

Attracting the target audience's attention is the first step towards success. Employ **Attention** captivating visuals, compelling headlines, and unique value propositions to stand out in a crowded marketplace.

Once you have their attention, it's vital to maintain their interest. Highlight the key **Interest** features, benefits, and success stories of the hospital product to keep their curiosity piqued.

Creating desire involves showcasing how the hospital product can positively impact the target audience's lives. Paint a compelling picture of the transformation and benefits they can experience. **Desire**

The ultimate objective is to motivate the target audience to take action. Provide **Action** clear calls-to-action, offer incentives, and simplify the process to increase the likelihood of conversion.

### Understanding Hospital Purchasing Behaviors

In the competitive healthcare industry, it is critical to understand the behaviour of hospital customers. This document delves into the timing of requirements, customer lifecycle, and factors influencing hospital purchases, while also providing tips on aligning products and services with customer needs and delivering value to hospital customers.

#### The Timing of Hospital Requirements

##### Inpatient Services

For elective procedures like joint replacements, patients may have a waiting period of up to several months before a scheduled surgery. Hospital purchases from medical device and supply companies are done well in advance of the surgery date.

##### Outpatient Services

Urgent care and emergency care are the primary reasons for hospital visits that require quick delivery of medical equipment and supplies.

## Pharmaceuticals

Recurring prescriptions and established supply-chain mechanisms drive purchasing behaviours for medication in the hospital industry.

### Understanding the Customer Lifecycle in Hospital Sector

<b>Acquisition Phase</b>	New hospital customers come from various sources such as referrals, marketing, and strategic acquisition.
<b>Retention Phase</b>	Once hospitals acquire customers, it is essential to retain them. This is an ongoing process that involves meeting customer expectations and building trust.
<b>Expansion Phase</b>	During the expansion phase, a hospital can grow organically by having existing customers buy more or through cross-selling and up-selling.

### The Value of Understanding Buying Behaviors in Hospital Sector

Hospital purchasing behaviours are largely driven by the need to provide high-quality care, ensure patient safety and improve patient outcomes.

### Factors Influencing Hospital Purchases

#### Price

Hospital procurement professionals focus on value and not just the lowest price.

#### Quality

Hospitals are committed to providing the highest quality care. They depend on medical equipment and supplies to help them achieve this goal.

#### Reputation and Trust

Trusted and reputable vendors are more likely to be preferred by hospital procurement professionals.

#### Aligning Products/Services with Customer Needs

##### Understand the Hospital's Needs

Identify the needs of the hospital, the impact of the products/service on their processes, and the resources required to integrate them into their system. Present this solution to the hospital procurement team, highlighting the benefits and features to meet the identified needs.

##### Tailor Solutions to your Customers

Different customers have different needs. Use this knowledge to tailor solutions to your customers instead of providing generic offerings. Every customer is unique, and their needs must be addressed accordingly.

##### Delivering Value to Hospital Customers

##### Prompt Delivery and Quality Services

Invest heavily in inventory management, timely delivery, and utilize technology to ensure customer satisfaction.

### Provide Technological Advancements

Collaborate with hospitals and invest in technology, such as Electronic Health Records (EHR), to better serve customers and streamline their processes.

### Training and Support Services

Provide training and support services to hospitals to promote product utilization, satisfaction, and repeat purchases.

### Why Customers Prefer a Product, Competitive Advantage and Value Comparison in Healthcare Sector

Healthcare is an industry that is always growing and evolving. Customers have a range of product options, and it can be overwhelming to determine which one to choose. This document will explore the factors that influence customer preferences, competitive advantages, and value comparisons.

### The Importance of Customer Satisfaction in Healthcare

#### Customer Satisfaction

Patients expect and deserve high-quality care when they seek out healthcare services. Healthcare providers that don't meet these expectations can face serious consequences.

It's why healthcare providers strive for satisfaction, whether it comes to providing quality care, reducing patient wait times, or improving patient outcomes.

#### Positive Outcomes

When healthcare providers actively work to create a culture of patient satisfaction, they improve the overall patient experience.

Studies have shown that increased patient satisfaction is linked to better health outcomes and overall patient retention rates. It can even result in better financial outcomes for the healthcare provider.

### Market Trends in the Healthcare Sector

- Mergers and acquisition activity is on the rise as companies look to expand their reach and services.
- Patients are becoming more selective and price-sensitive as they shop for health insurance.
- Digital healthcare technologies are changing the way healthcare services are delivered.
- Consumers are taking greater control over their health by using wearable devices and health apps.
- Telemedicine and remote patient monitoring are growing as tools for providing healthcare services beyond traditional clinical settings.

### The Role of Technology in Healthcare

The healthcare industry has seen a large influx of technology providers that offer a broad range of innovative solutions, including diagnostic and imaging tools, analytics, and software that supports patient care decisions.

Technology is changing the healthcare industry in significant ways. Providers are using telehealth, remote patient monitoring systems, and electronic patient records to improve the quality of patient care.

## Value Comparison of Different Products in the Healthcare Sector

	Care	Team Collaboration	Customization	Accessibility
Product A	✓	✓	✗	✓
Product B	✓	✗	✓	✗
Product C	✓	✗	✓	✓
Product D	✗	✓	✓	✓

When comparing healthcare products, it's important to consider factors such as accessibility, collaboration, customization, and care team involvement. Different products will score differently on different metrics. Careful evaluation will help consumers make informed decisions about which product to choose.

### Factors Influencing Customer Preferences in Healthcare

#### Quality of Care

The quality of care is the most important factor when it comes to healthcare consumer preferences. Patients want the best care possible.

#### Cost

The cost of healthcare is another important factor. Patients want to ensure they are receiving good value for money spent.

#### Accessibility

Accessibility is particularly important to individuals in remote areas. Patients want to ensure they have access to medical care when they need it.

#### Proximity to Home or Work

Patients often prefer healthcare facilities located close to their home or work since it's more convenient and reduces travel time.

### Competitive Advantage in the Healthcare Industry

#### Quality Care

Healthcare providers that offer the highest quality care will always stand out amongst their competitors. Patients want to receive the best care available.

#### Convenience

Healthcare providers that offer convenient locations and hours of operation will have a competitive advantage over providers who don't. This is particularly important for people juggling busy work schedules.

#### Collaborative Care

Providers that offer collaborative care will have a competitive advantage over those providers that don't. An interdisciplinary healthcare team will offer more comprehensive care.

# **CHAPTER-5**

## Actual Work Done

### Definition

When a company purchases goods on credit which needs to be paid back in a short period of time, it is known

as Accounts Payable. It is treated as a liability and comes under the head 'current liabilities.

Accounts Payable is a short-term debt payment which needs to be paid to avoid default.

### Description

Accounts Payable is a liability due to a particular creditor when it orders goods or services without paying in cash up front, which means that you bought goods on credit. Accounts Payable as a term is not limited to companies. Even individuals like you and me have Accounts Payable. We consume electricity, telephone, broadband and cable TV network. The bills get generated towards the end of the month or a particular billing period. It means that the service provider gave you some service and sends the bill which needs to be paid by a certain date or else you will default. This becomes Accounts Payable. Let's also understand from a company's point of view. You are a company A who purchases goods from company B on credit. The amount raised needs to be paid back in 30 days. Under the accounting (Accrual) methodology, this will be treated as a sale even though money has not exchanged hands yet. The accounts department needs to be extremely careful while processing transactions relating to Accounts Payable.

Here, time is the essence considering it is a short-term debt which needs to be paid within a specific period of time. Along with that accuracy is the key, which involves the amount that needs to be paid along with the name of the supplier. Accuracy is important because it will impact the company's cash position.

### Objectives of Managing Accounts Payable Effectively

It is important to understand the importance of accounts payable to manage the liabilities and expenses of the business and leverage the opportunity for cost savings. Some common objectives of managing accounts payable effectively include:

- To make timely payments to suppliers, which helps maintain good relationships
- To maintain accurate data that ensures proper expense management, avoids errors, and supports compliance requirements.
- To research ways to save money, optimize cash flows and increase the efficiency of the accounts payable process.

#### ➤ Importance of Managing Payables

Managing accounts payable (AP) effectively is a fundamental aspect of financial management for any organization, including healthcare institutions like Apollo Hospital, Bhubaneswar. Several theoretical concepts underscore the importance of managing payables efficiently:

- **Cash Flow Management:** Cash flow management theory emphasizes the critical role of AP in balancing the inflow and outflow of cash. AP management ensures that the hospital can meet its short-term financial obligations, including supplier payments, payroll, and operational expenses, without disruptions.

- **Working Capital Management:** The working capital management theory focuses on optimizing the balance between current assets and current liabilities. AP is a component of current liabilities, and efficient AP management contributes to maintaining an adequate level of working capital to support daily operations.
- **Time Value of Money (TVM):** TVM theory highlights that money has a time value – a dollar today is worth more than a dollar in the future. Prompt payment of AP invoices can often lead to discounts, reducing the cost of goods and services. Delayed payments can result in late fees and strained vendor relationships, affecting the organization's financial position.
- **Vendor Relationships:** Theoretical concepts related to supplier-vendor relationships emphasize the importance of strong partnerships. Efficient AP management contributes to positive vendor relationships, potentially leading to preferential terms, better prices, and a reliable supply chain.
- **Financial Prudence:** Financial prudence theory advocates for responsible financial practices. Managing AP efficiently aligns with this principle by preventing unnecessary costs, reducing financial risks, and ensuring fiscal responsibility.

### Accounts Payable Process

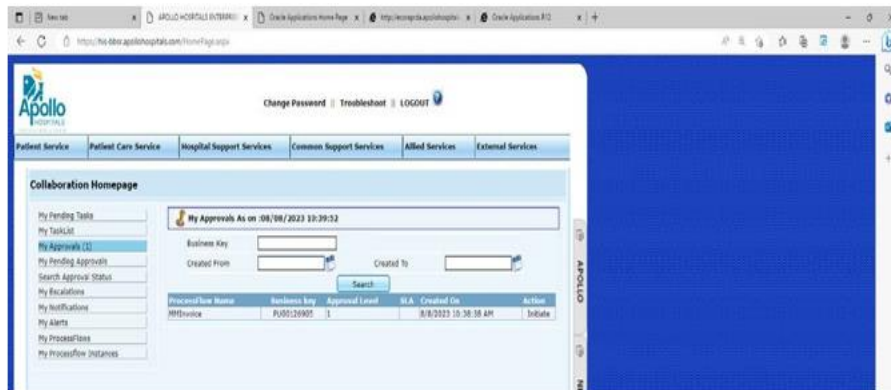
The AP process is receiving the invoices, reviewing their details, updating the internal records, and making payments:

- The company receives the invoice from the vendor.
- The accounts payable department manually matches the invoice against the purchase order, or delivery instruction note or central delivery instruction note or consignment purchase order or capital goods order, to approve the final payment.

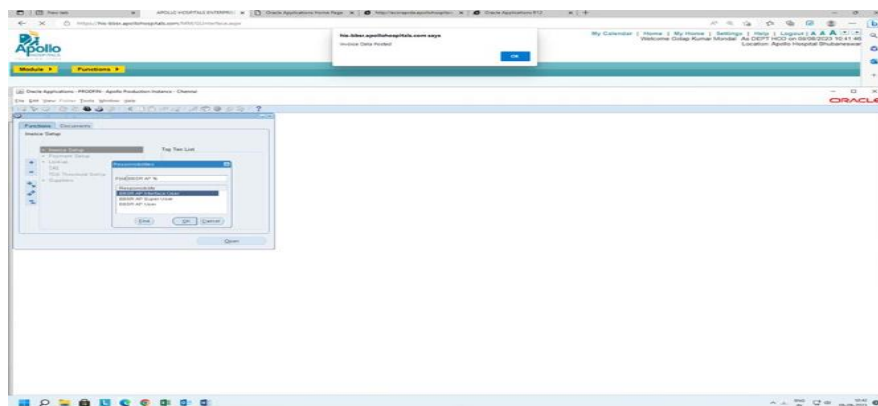
The screenshot displays the Apollo Hospital Accounts Payable (AP) process interface. The top section shows the 'Module' as 'INVOICE' and the 'Patient' as 'Himanshu Bhutan Panda'. The main form contains fields for PO Number (PO12048000), PO Date (04.06.2023), Invoice Date (08.08.2023), Vendor Name (23-24-972), Vendor Invoice Date (08.08.2023), Amount (0), and Currency (INR). Below the form is a table showing the SRV (Service Request Voucher) details, including PO Number, SRV Number, Date, Amount, and Status.

PO	SRV	Details	Vendor Invoice	PO Details	SRV Details	Final Invoice
PO12048000	SRV12083254	29-JUL-2023	11.01.42	972	PRIME TECH ENTERPRISE	29504
PO12048000	SRV12083254	15-JUL-2023	11.01.42	711	PRIME TECH ENTERPRISE	40356

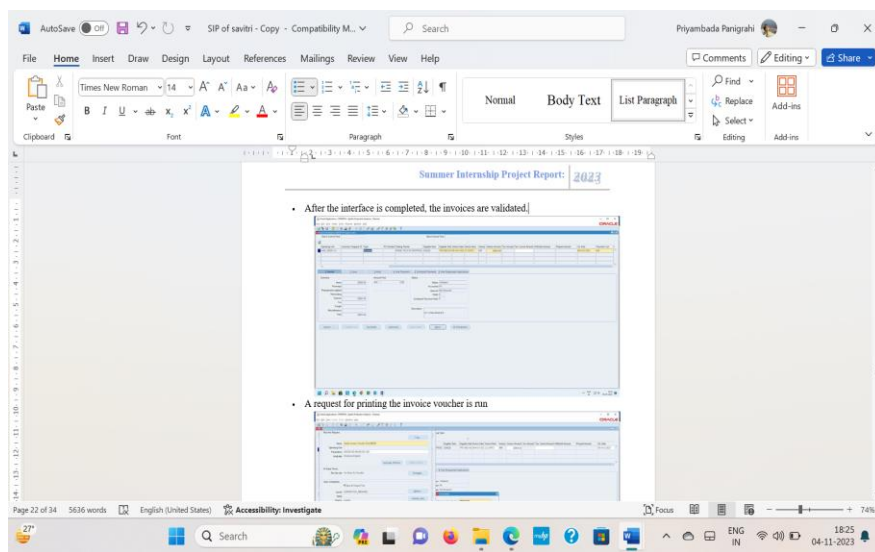
- They get the necessary approvals from the internal departments



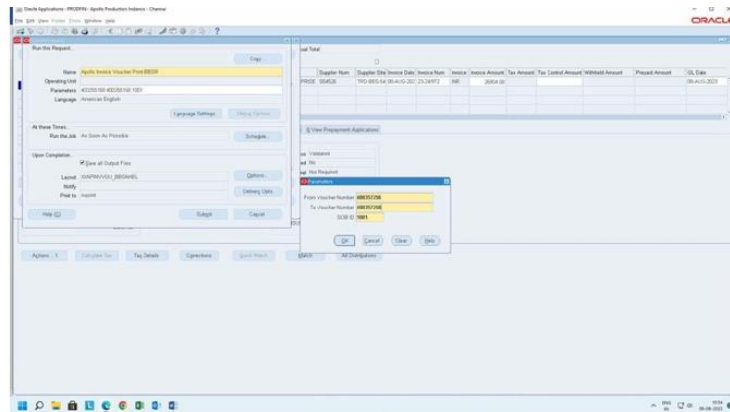
- Once approved, the accounts payable/finance department interfaces the data to Oracle.



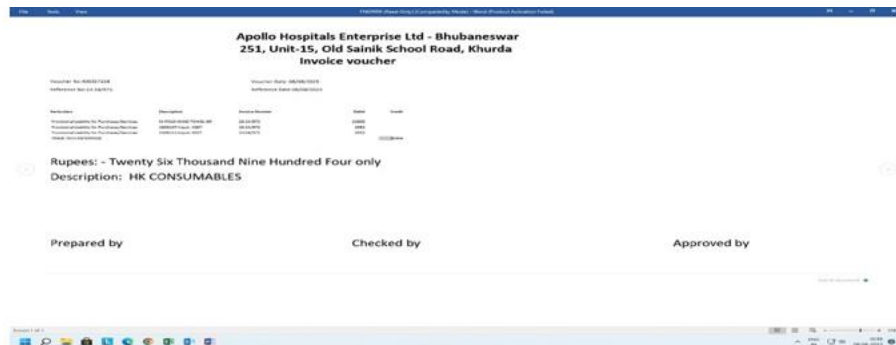
- After the interface is completed, the invoices are validated



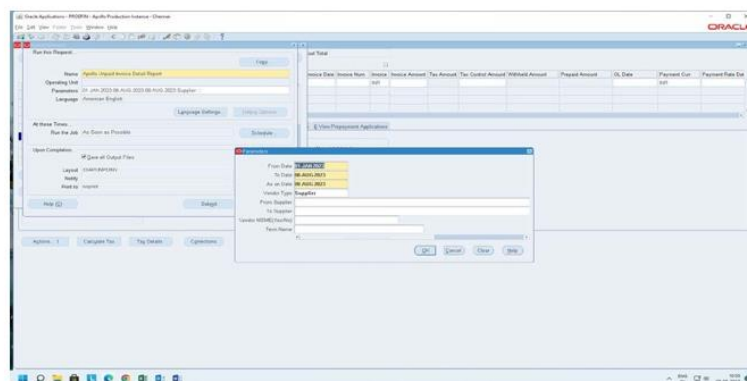
- A request for printing the invoice voucher is run



- After the print, the invoice voucher is attached to the purchase order, or delivery instruction note or central delivery instruction note or consignment purchase order or capital goods order



- The accounts payable/finance department schedules the payment according to the payment terms or month wise.
- The payment is processed using a NEFT (National Electronic Funds Transfer) or RTGS (Real-Time Gross Settlement) method.
- The payment is recorded in the accounting software oracle.
- A payment voucher is attached to the specific purchase order, or delivery instruction note or central delivery instruction note or consignment purchase order or capital goods order



### P2P Process in Accounts Payable

The P2P process in accounts payable is a part of the larger accounts payable cycle, also known as the procure-to-pay or P2P cycle. It is an end-to-end process of accounts payable and involves processes from when the company decides to purchase, selecting the products to buy, and paying for them:

- The company determines the products required for the patient to buy and gets approval.
- It starts searching for vendors and partners and selects a few.
- It receives quotations and selects the one that matches its needs.
- It negotiates rates, credit policy, discounts, delivery, and freight charges.
- It generates purchase orders and sends the purchase order to the selected suppliers.
- The supplier confirms the order at the requested terms and conditions.
- The supplier ships the goods along with the invoice.
- The company formally receives the goods, inspects the delivery for quality and quantity, and sends the invoice for approval.
- Post-approval, the company initiates and processes the payment and informs the vendor by mailing them a vendor advice. It also marks the payment as complete.

### Challenges in the Accounts Payable Process

The accounts payable process can face challenges that affect the value of the payment process. Some common challenges are as follows:

- Manual accounts payable processing can be slow and inefficient, leading to delayed payments, missed discounts, and poor vendor relationships.
- Payment errors can result from human mistakes or lack of proper invoice matching, which can cause audit risks, disputes with vendors, and financial losses.
- Manual bookkeeping can also be prone to errors and inconsistencies, making it difficult to track AP performance.
- Manual data entry can also be time-consuming and may result in errors that can feed into the system and compromise compliance. It also increases the risk of fraud.
- Different vendors have different formats of invoices, approval workflows, and delivery methods — this inconsistency can lead to discrepancies and disputes, which require manual intervention and therefore more time to process the invoices.

### Automation in Accounts Payable

As the accounts payable process is vital for every organization, a lot of time needs to be invested for its successful implementation. In order to have an efficient accounts payable process, automation becomes necessary. This will minimize the time and cost of invoice processing, employee headcount and much more. Automation will also help reduce human errors and increase efficiency.

Accounting software available in the market can streamline the accounts payable process. These eliminate most of the paperwork involved in accounting. Using electronic invoices, scanned copies of reports, email approvals, etc., will not only reduce the time involved in managing the payables but will also improve the day-to-day performance of the businesses. To add, they usually integrate

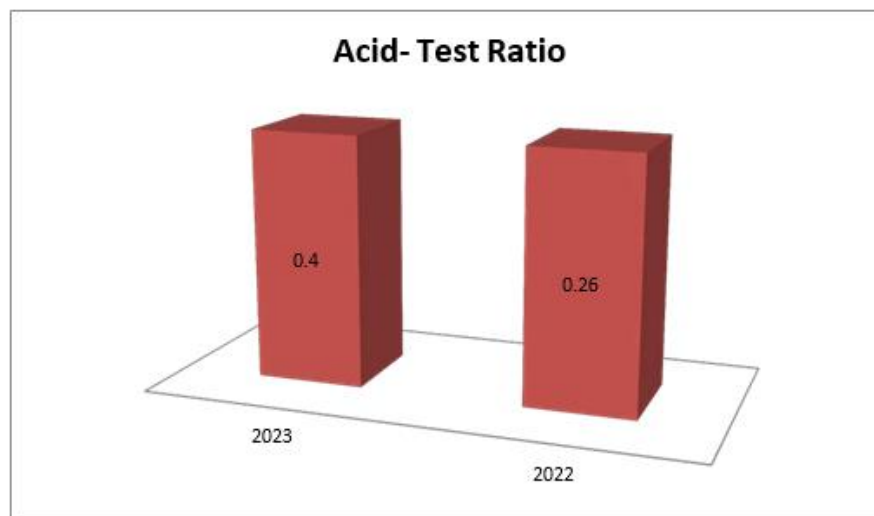
with the organizations ERP. There are many other value-added services which can be availed from this accounting software. They ultimately improve business efficiency.

### Analysis

In this chapter, we present the findings of our data analysis, which is based on secondary data related to Apollo Hospital's accounts payable processes. The data used for this analysis covers a monthly time frame and provides valuable insights into the hospital's payment terms, vendor relationships, and outstanding invoices. When conducting an internship project related to accounts payable for any other organization, we calculate and analyze various financial ratios to assess the efficiency and management of accounts payable.

#### 1. Quick Ratio (Acid-Test Ratio):

- **Formula:**  $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$

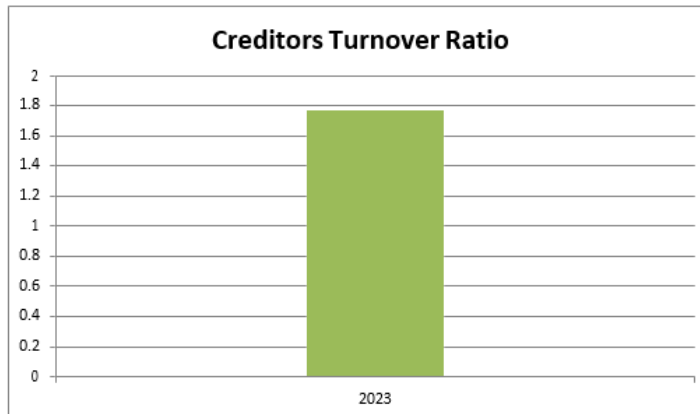


- **Interpretation:** The Quick ratio for the year ended 31/03/2023 is 0.40, which has significantly improved compared to the previous year's ratio of 0.26.

This indicates that the company's short-term liquidity position has strengthened. A quick ratio of 0.40 suggests that the company has \$0.40 in quick assets for every \$1 in current liabilities, implying a healthier ability to meet its short-term obligations. The increase from the previous year's 0.26 shows positive financial progress and enhanced ability to cover immediate financial needs.

## 2. Creditors Turnover Ratio:

- **Formula:** Accounts payable Turnover Ratio= Total Purchases / Average Accounts Payable



- **Interpretation**

A creditors turnover ratio of 1.77 indicates that, on average, the company takes approximately 1.77 times to pay off its creditors or suppliers within a given period. This implies that the company has a relatively efficient accounts payable management, as it settles its outstanding liabilities reasonably quickly. A higher creditors turnover ratio can suggest a favorable credit relationship with suppliers and potentially a strong cash flow position, which can be beneficial for the company's financial health.

## 3. Average Payment Period

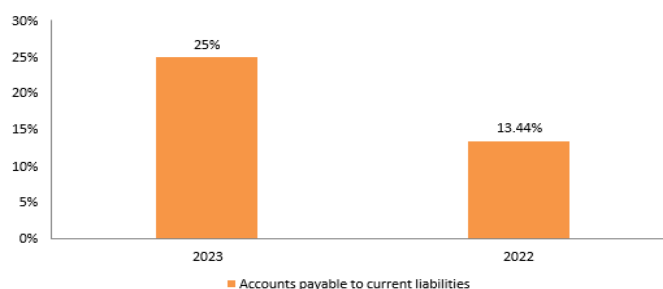
- **Formula:**  $\frac{\text{Average Accounts Payable}}{\text{Total Credit Purchase}} \times 12 = 1.5$

- **Interpretation:**

The average payment term observed during the data period was 45 days. This suggests that, on average, invoices were settled within 60 days of receipt.

## 4. Accounts Payable to current liabilities:

**Formula:**  $(\text{Account Payable} / \text{Current Liabilities}) \times 100$

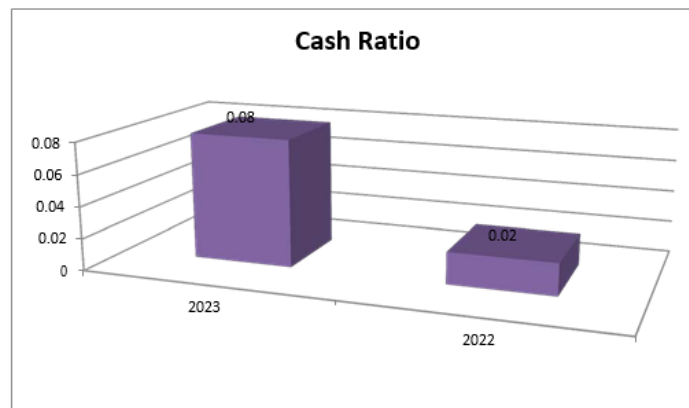


- **Interpretation:**

The accounts payable to current liabilities ratio for the year 2023 is 25%, which is a significant improvement from the previous year's ratio of 13.44. This indicates that in 2023, the company has a much smaller portion of its current liabilities represented by accounts payable. Such a decrease suggests that the company may have reduced its reliance on trade credit and short-term borrowing to meet its obligations, which can be a positive sign for its financial stability and cash flow management.

## 5. Cash Asset Ratio:

- **Formula:**  $\text{Cash \& Cash Equivalents} / \text{Current Liabilities}$



- **Interpretation**

The cash ratio has improved from 0.02 in 2022 to 0.08 in 2023, signaling a significant enhancement in the company's short-term liquidity position. This increase indicates that the company now has a higher proportion of cash or cash equivalents relative to its current liabilities, which is a positive sign for its ability to meet immediate financial obligations.

## Payment Terms Analysis

To begin our analysis, we examined the payment terms associated with the hospital's accounts payable. Payment terms define the duration within which invoices are expected to be settled. The analysis revealed the following insights:

**Average Payment Term:** The average payment term observed during the data period was 45 days. This suggests that, on average, invoices were settled within 60 days of receipt.

**Variability in Payment Terms:** While the average payment term provides a general overview, we observed considerable variability in payment terms among different vendors. Some vendors had more flexible terms, while others required quicker payment.

## Vendor Relationships Analysis

Vendor relationships are crucial for maintaining a smooth supply chain and negotiating favorable terms. Our analysis of vendor relationships provided the following insights:

- **Vendor Segmentation:** Vendors were categorized into different groups based on factors such as volume of business, and criticality of supplies. This segmentation helped identify key vendor relationships.
- **Preferred Vendor Status:** There is no such selected group of preferred vendors but MSMEs are paid first. All vendors, payment are made as per the terms and conditions.

### Outstanding Invoices Analysis

Outstanding invoices represent unpaid liabilities that can impact cash flow and vendor relations. Our analysis of outstanding invoices yielded the following findings:

**Number of Outstanding Invoices:** During the data period, the hospital had an average of 1000+ outstanding invoices each month.

**Aging of Outstanding Invoices:** The aging of outstanding invoices varied, with some invoices remaining unpaid for more extended periods. This led to an analysis of potential reasons for delayed payments.

### Interpretation of Findings

Overall, the analysis highlights improving financial stability, efficient inventory management, and prompt payment practices. However, the decline in the quick ratio suggests a need for a closer look at liquidity management. Further investigation into outstanding invoices and vendor relationships is recommended for a comprehensive understanding of the accounts payable process at Apollo Hospital. The data analysis provides valuable insights into Apollo Hospital's accounts payable processes:

1. **Payment Efficiency:** The hospital demonstrates overall efficiency in settling invoices within a reasonable time frame, as indicated by the average payment term. However, attention should be given to vendors with stricter payment terms to maintain strong relationships.
2. **Vendor Management:** The presence of preferred vendors suggests that the hospital has successfully nurtured valuable supplier relationships. These relationships should be leveraged to negotiate even more favorable terms.
3. **Outstanding Invoices:** The presence of a consistent number of outstanding invoices raises questions about the reasons for delayed payments. Possible causes include discrepancies in documentation, approval processes, or cash flow constraints.
4. **Impact on Financial Health:** High numbers of overdue payments, if not addressed, can have a cascading effect on the hospital's financial health. It may lead to late payment penalties, strained vendor relationships, and potentially affect the hospital's creditworthiness.

## **Findings**

**Liquidity Improvement:** The analysis of Apollo Hospital's accounts payable processes revealed a significant improvement in short-term liquidity, as indicated by the Quick Ratio. The ratio increased from 0.26 to 0.40, reflecting an enhanced ability to meet immediate financial obligations.

**Efficient Accounts Payable Management:** The Creditors Turnover Ratio of 1.77 suggests that the hospital efficiently settles its outstanding liabilities with suppliers, indicating a favorable credit relationship and strong cash flow position.

**Payment Terms:** The average payment term of 45 days suggests that, on average, invoices were settled within 60 days, though variability in payment terms among vendors was observed.

**Reduced Reliance on Trade Credit:** The Accounts Payable to Current Liabilities ratio increased from 13.44 to 25%, indicating a reduced reliance on trade credit and short-term borrowing to meet obligations, which is positive for financial stability.

**Enhanced Short-Term Liquidity:** The Cash Asset Ratio improved from 0.02 to 0.08, indicating an increased proportion of cash or cash equivalents relative to current liabilities.

# **CHAPTER-6**

## **Recommendation**

Based on the data analysis and interpretation, we recommend the following:

**Review Payment Processes:** Conduct a detailed review of accounts payable processes to identify bottlenecks or inefficiencies that may be causing delays in payment.

**Vendor Communication:** Establish clear communication channels with vendors to address concerns and negotiate favorable terms, especially with critical suppliers.

**Invoice Tracking:** Implement robust invoice tracking and monitoring systems to reduce the number of outstanding invoices and ensure timely payments.

**Cash Flow Management:** Improve cash flow management strategies to ensure consistent availability of funds for accounts payable.

**Regular Review:** Continuously monitor and review accounts payable performance to maintain efficiency and financial health.

## **Conclusion**

Efficient accounts payable management is of paramount importance for the financial health and sustainability of Apollo Hospital, Bhubaneswar. The recommendations presented in this report aim to address the identified challenges and capitalize on existing strengths to optimize accounts payable processes.

By implementing these suggestions, Apollo Hospital can achieve the following:

- **Improved Financial Health:** Efficient accounts payable management can contribute to better cash flow management and working capital optimization, ensuring the hospital's financial stability.
- **Stronger Vendor Relationships:** Strengthening relationships with vendors, especially key suppliers can lead to more favorable terms, cost savings, and a reliable supply chain.
- **Enhanced Efficiency:** Streamlined workflows and the adoption of digital payment systems can reduce processing time, minimize errors, and improve overall efficiency.
- **Better Decision Making:** Access to real-time data on accounts payable can empower hospital leadership with valuable insights for strategic decision-making.

In conclusion, the analysis of Apollo Hospital's accounts payable processes reveals notable improvements in liquidity, efficient accounts payable management, and a reduced reliance on trade credit. However, there is room for further standardization in payment terms, and proactive measures are required to address delayed payments. Vendor relationship management remains critical, and continuous monitoring is essential to maintain financial health and stability.

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