

---

## **CHAPTER III**

### **Research Methodology**

- 3.1 Introduction
- 3.2 Statement of Problem
- 3.3 Hypothesis
- 3.4 Objectives
- 3.5 Scope of the study
- 3.6 Methodology
- 3.7 Limitations of the study
- 3.8 Chapter Scheme

---

## CHAPTER III

### Research Methodology

#### 3.1 Introduction

Hospitals are service industry which provide medical care. The human aspect is one of the most important considerations like other service industries such as transport, telephone etc. In hospital industry philanthropic aspect is a predominant factor . This is more so in a country like ours having large population most of which is below poverty line having no capacity to pay for the advanced medical treatment or complicated operations etc and in Kolhapur there was no big hospital to cater to the needs of general public other than Chhatrapati Pramila Raje hospital.

Considering the dire need, Dr. Niranjana Shah initiated the establishment of Lotus hospital and Dr. C.R. Shah was established on 14th July ,1996. Like any other enterprise Lotus hospital also needs finance in its operations. An attempt is made therefore to analyze the Financial position of Lotus Hospital.

---

### **3.2 Statement of problem**

Finance is the lifeblood for any industry, whether it is service or manufacturing. Application of accounting principles for financial analysis indicates the financial health of the Company. Therefore an understanding of “Financial Analysis of Mahalaxmi Hospital limited, Kolhapur (Lotus Hospital and Research Centre) “, is important to understand its performance. The present study is an attempt in this direction.

### **3.3 Hypothesis**

This study is made primarily to test the following hypothesis:

1. Application of accounting principles to Hospital industry makes them successful.
2. Hospital industries need to maintain sound Liquidity, Solvency and Profitability.

### **3.4 Objectives of Study**

The Study is based on the following objectives:

1. To study the profile of Lotus Hospital.
2. To study theoretical aspects of financial analysis.
3. To study the turnover of Lotus Hospital.
4. To study the liquidity, solvency and profitability of Lotus Hospital.
5. To study the Funds Flow statement of Lotus Hospital.

---

6. To arrive at conclusions based on the above study and offer suggestions.

### **3.5 Scope of the Study**

The study limits its scope to Lotus Hospital only from its establishment to the financial year 2005. The study concentrates on financial aspects only taking into consideration the convenient part of researcher and time span available to her.

### **3.6 Methodology**

The study is primarily based on secondary data .The financial analysis of Lotus hospital is made by ratio analysis, trend analysis and cost reduction techniques and use of graphs and charts and use of computers is made for analysis. Personal discussions with officials will also be made as and when needed.

#### **Sources of data collection**

- 1) Published Annual Reports of Lotus Hospital .
- 2) Various pamphlets and published matters on Lotus Hospital. .
- 3) Library sources- various books, journals and reports of financial analysis.

In addition to the above personal discussions with Managing Director and concerned staff of Lotus Hospital are also made from time to time.

---

### **3.7 Limitations of the Study**

The Study is based mainly on the secondary data and limited only to Lotus Hospital and that too in respect of only its financial aspects. Since Lotus hospital is a service industry there are limitations in applying many of the ratios, as most of them are more relevant to the manufacturing industry.

### **3.8 Chapter Scheme**

The following is the Chapter Scheme adopted for this study:

- Ch. I - Mahalaxmi (Lotus) Hospital and Research Centre – a Profile.
- Ch. II - Theoretical framework of Financial Analysis.
- Ch. III - Research Methodology
- Ch. IV - Analysis and interpretation of turnover of Lotus Hospital.
- Ch. V - Analysis and interpretation of Liquidity, Solvency and Profitability of Lotus Hospital.
- Ch. VI - Funds Flow Statement Analysis of Lotus Hospital.
- Ch. VII - Conclusions and Suggestions