

Submitted to  
Visvesvaraya Technological University (VTU), Bangalore, Karnataka



In partial fulfilment for the award of the degree of  
**Masters of Business Administration (MBA)**

Submitted by

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### CERTIFICATE BY THE INSTITUTION

This is to certify that Mr. SIRISHA R P bearing USN 1CR19MBA83 is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on NYKAA is prepared by him under the guidance of Mrs. Preksha Yadav, Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.

  
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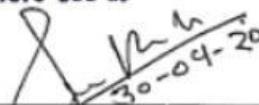
  
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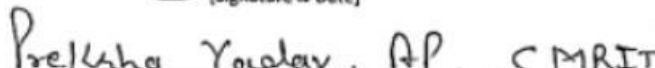
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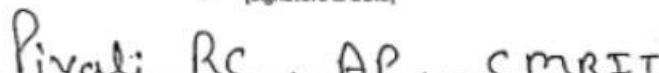
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## ACKNOWLEDGEMENT

A satisfaction and accompany successful completion of task would be incomplete without the mention of the people who made it possible, whose constant guidance and encouragement crowned our effort with success.

I am extremely grateful to my one month internship project guidance of Professor **Preeksha Yadav** of MBA department for her guidance, time, co-operation and support, without which her report would not have been completed. I would like to thank with immense and profound the department MBA, CMR institute of Technology for permitting me to undertake this project work. For their guidance, valuable time, encouragement, co-operation and support without which this report would have not been completed.

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## DECLARATION

I, Ms. Sirisha RP bearing USN 1CR19MBA83 hereby declare that the organization study conducted at Nykaa Products. Is record of independent work carried out by me under the guidance of Prof Preksha Yadav. Faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

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The logo for NYKA is rendered in a bold, white, stylized font. The letters are thick and have a slightly irregular, hand-drawn appearance. The 'N' and 'Y' are connected, as are the 'K' and 'A'. The background of the logo is a gradient from red at the top to pink at the bottom.

Your Beauty. Our Passion.

# Executive summary

- Name: NYKAA
- Industry: cosmetics production
- Founder: Falguni Nayar
- Founded: 2012
- Products: all cosmetics
- Key people: Sanjay Nayar, Adwaita Nayar
- Subsidiaries: Lakme, dazzler

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# **CHAPTER – 1.**

## **Introduction about the organization &**

### **Industry**



## 1. INTRODUCTION

### 1.1. Introducing NYKAA

NYKAA is an Indian e-commerce company and the largest beauty shopping destination in India. It was founded by Falguni Nayar, former MD of KOTAK Mahindra Capital co., in the year 2012. Nykaa is headquartered at Mumbai (formerly known as Bombay), the capital city of the state of Maharashtra, It is the only biggest multi-brand beauty retailer in India that sells nearly 60,000 beauty and wellness products of various national and international brands. Nykaa ships to over 1000 cities across India. It currently has 650+ brands among which 25 are luxury brands which include big names like MAC, Clinique, Estée Lauder, NYX, Bobbi Brown, Calvin Klein, L'Occitane, Yves Saint Laurent etc. Approximately, around 15,000 orders fly out every day. Nykaa has 33 physical stores/outlets categorized under 2 formats namely Nykaa on Trend and Nykaa Luxe, and also has popular in-house collection under its private label called the Nykaa collection. Nykaa can be accessed through its 33 outlets running successfully across the nation, mobile app and also its webpage ([www.nykaa.com](http://www.nykaa.com)). (-Nykaa, | 2019)



**NYKAA**  
Your Beauty. Our Passion.



**CHAPTER – 2.**  
**Organizational profile**

## 1.2 The Nykaa Story:

The Mumbai resident founder and the CEO of Nykaa, Falguni Nayar, is a graduate from IIM Ahmedabad, India.

Before launching Nykaa, she served Kotak Mahindra Capital Co. for 18 years but she quit her job as she always wanted to be an entrepreneur. She noticed that there was a huge gap in the Indian beauty line market – the demand was greater than the available mediums to buy beauty essentials in the country. This led her to launch Nykaa with her husband Sanjay Nayar, a banker by profession and daughter Adwaita Nayar. (-The Story of Nykaa- How they have become a successful brand,|2018)

Nykaa raised its business funding of about 40M USD in multiple rounds of funding from various investors and generated a turnover of about 39M USD in the very first 5 years. In the last 2 years, its revenue has raised to nearly 400%. Nykaa follows inventory-based business model and content-based marketing strategy. All its products are sourced directly from the original label/brand. Recently with the launch of lingerie, Nykaa attempted to enter the apparel segment in the market.(Panthangi, 2017)

### 1.2. Mission and Vision

Nykaa rests on 3 paragons:

- Curation
- Information
- Personalisation

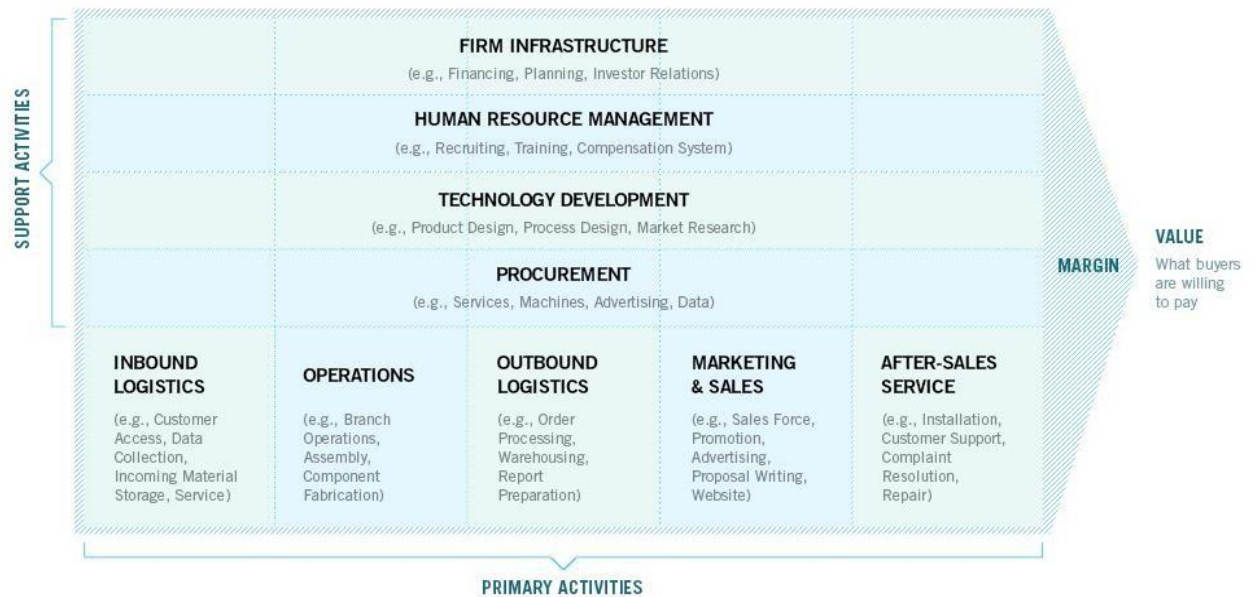
**Nykaa**

**...your beauty, our passion.**

-To bring the best of offer to help the customers make the right selection for all their beauty needs at every step of their wayl.(-www.nykaa.com,|2019)

The founder believes that Nykaa should stand for – Women Empowerment. Nykaa wants to periodically support various CSR initiatives and be a socially responsible brand. In a long run, just like fashion and styles, Nykaa aims to incorporate beauty into current latest trends. (-Nykaa.com, Beauty at your fingertips, |2017)

## 2. Value Chain Framework: Nykaa



**Figure 1 Nykaa's Value Chain Diagram**

Value chain is nothing but a number of various activities a company does and involves itself

into create its customer value. (-Porter's Value Chain, |2019) It is developed by Michael E.

Porter and was first introduced in 1985 in his book -Competitive Advantage and in a Harvard article. Porter's Value Chain Analysis, also known as Porter's value chain framework is a management tool that Nykaa can use to separate its strategic business activities and re-assemble them in a way that can add up to its competitive advantage through price fluctuations in the market. This analysis focuses on the differences in the business activities and explains relative pricing and costing concept of Nykaa. (Vliet, 2013)

## 2.1.Competitive Advantage

Competitive advantage is all about high quality performance. Nykaa has a distinct competitive edge when compared to its rivals. It operates at a way too lower cost and commands a good premium price. (E. Porter,2004)

## 2.2.Value Chain

The value system of Nykaa is a big part of the market that includes both distributors and the suppliers at upstream and downstream levels. This makes the manager's role very prominent as he is solely responsible to observe the company's value system and all of its activities causing high impacts on Nykaa with their new additions or reductions from the existing ones. Manager here is entitled to make the decision about where to have a grip in the value system.

## 2.3.Value Chain Activities

According to the Porter's model, the value chain activities are basically of 2 types:.

- Supporting.
- Primary.

As illustrated above in Figure1, Nykaa has 5 categories of **primary** value chain activities:

1. Inbound Logistics
2. Operations
3. Outbound Logistics
4. Sales and Marketing
5. Services

**Inbound Logistics:** These Logistics are associated with disseminating, storing and receiving product inputs. This includes warehousing, handling materials and architecture to maintain consumer database for the company. Nykaa has currently outsourced most of these activities.

**Operations:** Operations is the process of transforming raw materials into the finished products. In Nykaa's café, the operational activities are quite broad. It involves collected consumer data from Nykaa's database to build company's new strategies based on consumer buying behaviour.

**Outbound Logistics:** These are about the distribution of final products to the buyers and the channel partners. They include wholesalers, distribution channels, retailers etc.

**Marketing and Sales:** This activity focuses on creating a sales medium where Nykaa's potential customers can buy its products. Selecting channels, pricing strategies, ad campaigns, promotional activities etc., are few of the activities that come under this category.

**Services:** Like every other company, Nykaa needs an activity that can keep track of post-sale data information and maintain it for further successful usage in terms of the progress of its products.

1. Nykaa's **support** value chain activities are those that supports its primary activities. There are 4 such activities: Firm Infrastructure
2. HRM – Human Resource Management
3. Tech-development
4. Procurement activity

Each of these activities can be further divided into various distinct industry-specific activities in which Nykaa operates.

**Firm Infrastructure:** This includes general management, quality management, finance & accounting, planning and legal services. These activities support Nykaa's value chain wholly. The scope of all these activities differ as Nykaa is a diversified organisation within

the industry. Nykaa's planning and financing strategies are made at the corporate level where as legal services, accounting and quality management are dealt with at the business unit level.

**HRM:** In any organisation, Human Resource Management is the key to its success as it supports various activities like – recruitment, selecting & hiring employees, training, people planning, skill assessment, development, compensation at various business levels like unit level and corporate level. In a firm, this particular support activity either affects the competitive advantage or defines it.

**Technology development:** Today technology is considered to be the most prominent factor as it supports almost everything in an organisation. Tech-development at Nykaa consists of activities like field-testing, tech-selection, component & feature design, and process engineering.

**Procurement:** Nykaa uses its procurement activities to make input purchases like raw materials, machinery needs, lab equipment, supplies & office essentials, buildings etc. Procurement support activities also use technology to evaluate a company's on-going performance.

#### 2.4. Metrics and Key Performance Indicators to avoid

- Growth in sales
- Growth in market shares
- Shareholder value measured by stock price

### 3. VRIO/VRIN Strategic Analysis

VRIO was developed to evaluate the importance of resources to a company in a relative manner, by Jay B Barney. Nykaa's VRIO consists of:

1. Value of the resources it has - **Valuable**
2. Their Rarity - **Rare**
3. How easily can these resources be imitated by its competitors – **costly to Imitate**
4. How the firm is organised – **Organisational competency & capabilities**

All these factors lead into building a sustainable competitive edge for the company by making the best use of its available resources.

Resources	Value	Rare	Imitation	Organization	Competitive Advantage
Opportunities in the Adjacent Industries & New Resources Required to Enter those Industries	Can be valuable as they will create new revenue streams	No	Can be imitated by competitors	All the capabilities of the organization are not fully utilized yet	Has potential
Ability to Attract Talent in Various Local & Global Markets	Yes, Adwaita Nykaa.com strategy is built on successful innovation and localization of products	Yes, as talent is critical to firm's growth	Difficult to imitate	To a large extent yes	Providing Strong Competitive Advantage
Talent to Manage Regulatory and Legal Obligations	Yes	No	Can be imitated by competitors	Yes	Not critical factor
Brand awareness	Yes	Yes, Adwaita Nykaa.com has one of the leading brand in the industry	No	Adwaita Nykaa.com has utilized its leading brand position in various segments	Sustainable Competitive Advantage
Marketing Expertise within the Adwaita Nykaa.com	Yes, firms are competing based on differentiation in the industry	No, as most of the competitors also have decent marketing know how	Pricing strategies are often matched by competitors	Yes, firm is leveraging its inhouse expertise	Temporary Competitive Advantage
Product Portfolio and Synergy among Various Product Lines	Yes, it is valuable in the industry given the various segmentations & consumer preferences.	Most of the competitors are trying to enter the lucrative segments	Can be imitated by the competitors	The firm has used it to good effect, details can be found in case exhibit	Provide short term competitive advantage but requires constant innovation to sustain

**Figure 2 VRIO Framework of Nykaa**



An extension of VRIO framework is VRIN analysis where 'N' stands for Non- . Nykaa's considered non-substitutable as its competitors can't afford to take the ways to gain advantages that Nykaa has. This is due to the costly imitation options that include disruption risk.

#### 4. The Stakeholder Analysis

A stakeholder is someone who has interest in an organisation and both, the firm and the stakeholder depend upon each other to fulfil their needs. The stakeholder theory depicts the direct link between a firm's business and its stakeholders. (Freeman, 2010)

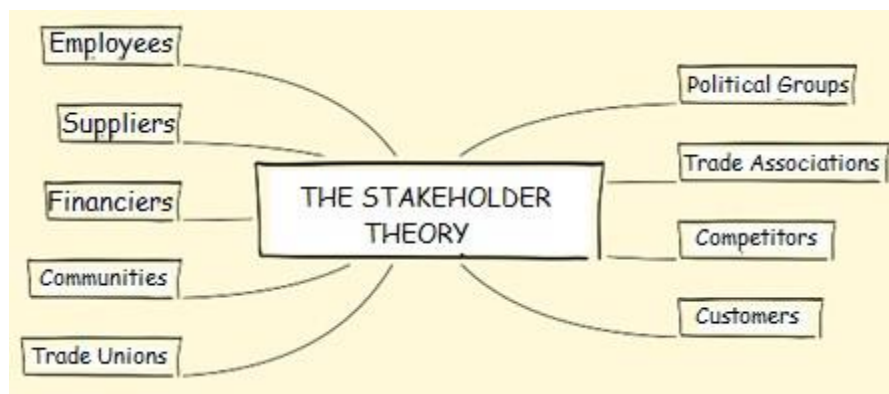


Figure 3 Stakeholder Theory

This theory was framed for the firm's management to maintain its ethics and addresses at a high and also for the business managers to assure that their stakeholders are moving on the same path as the firm is to attain long-term goals. According to this framework, the managers of the company should role play as an agent to its stakeholders to keep them updated about the company's moves to run the business successfully. Thus, by analyzing this theory, managers in the organisation along with their employees and management should focus on their shareholders for further development of the business.(Jensen,2005)

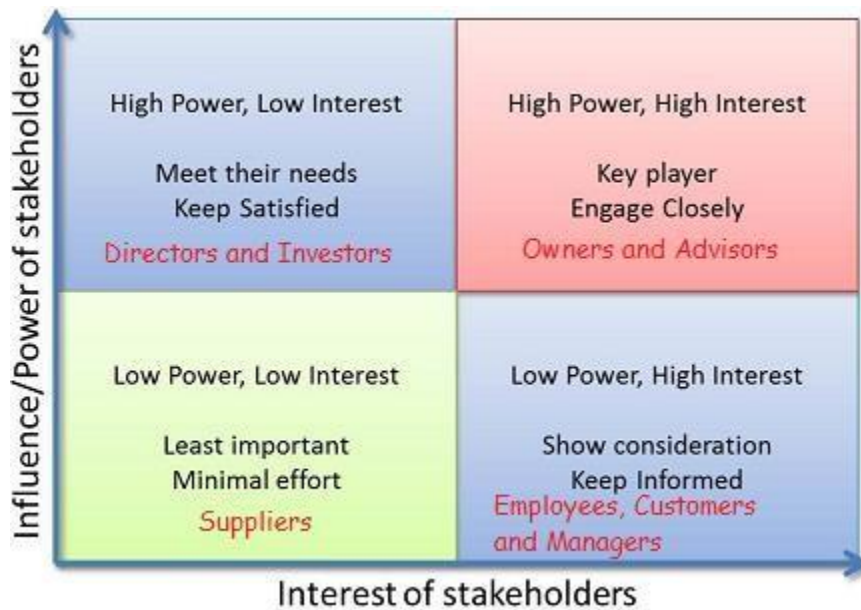
##### 4.1. Stakeholders of NYKAA

Nykaa is purely a private family business. 95% of its stakes are with the Nayar family. The founder rose only domestic funding for Nykaa and stayed away from the foreign money to legitimately and legally do the inventory business model. Nykaa has 10 investors

apart from the Nayar family. They are: Marico Ltd (Harsh Mariwala and family), TVS Capital Funds Pvt Ltd, TPG Growth, Lighthouse Funds, Warburg Pincus, Max Ventures and Industries, Michael Carlos, Dalia Pathak, AtulNishar and Sunil Kant Munjal. All of them hold just a minority.(-Nykaa Stakeholders,| 2019)

Nykaa’s stakeholders can be grouped in terms of various interest levels and power structure. Prime stakeholders Nykaa has to focus on are its employees, investors, suppliers, directors, managers and customers.

#### 4.1. Mapping Nykaa’s Stakeholders in the Power/Interest Matrix



**Figure 4 Stakeholder’s Power-Interest Matrix: Nykaa**

After identifying Nykaa’s key stakeholders, they can be mapped on Power-Interest Matrix in 4 different categories as shown in Figure4.

The investors and directors expect healthy and profitable growth of Nykaa. They also expect to remould the business model as and when needed to make it more cost-efficient and boost its profit levels whilst enhancing the customer innovation of the company.

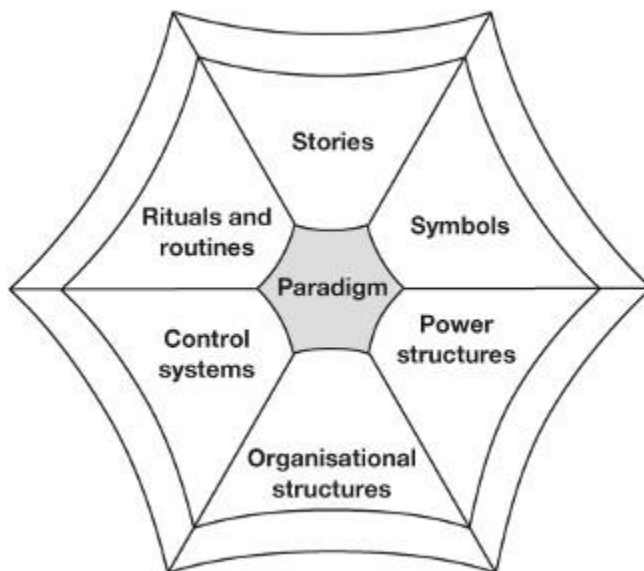
On the other hand, employees and managers expect to secure their jobs, get decently paid and aid their careers with the positive growth of business.

The suppliers expect Nykaa to enhance and expand so that it could benefit them with

higher sales ratio, high returns on the products and avail fame from brand association with it.

The customers expect premium quality products at reasonable prices when compared to the local retailers. Customers also seek secure mode of payments and hassle-free purchasing process. They expect their data collected by the company to remain confidential, and avail prompt customer services in terms of any issues or return of products.

## 5. Cultural WebAnalysis



**Figure 5 cultural Web Framework**

Nykaa's business elements will be analysed using the cultural web model (Figure 5) to check if its business practices are rightly aligned with its strategies. According to Johnson & Scholes, Cultural web is a range of phenomena defining the assumptions taken for granted in an organisation. This framework helps the management to stress on the cultural key factors of the organisation and also on their impact on strategic issues to overall improve the competitive advantage and measure business performance. This model consists of 7 inter- linked elements namely,

1. Paradigm
2. Stories
3. Rituals and Routines
4. Symbols
5. Control Systems
6. Organizational Structure
7. Power Structures

Nykaa credits an agile and vivid work culture with a dynamic exposure to projects. The key factors that drive Nykaa's Organisational culture are its 100 per cent dedication to work and the intensity.

Nykaa believes in getting the work done with full-on commitment. Punctuality and -NO to work from home allowance make it differ from other firms. It also has working Saturday' policy where the employees who disagree to work the weekends are dropped off without second thoughts. The founder Falguni says, -Intense work culture, -Courage and -learning agility are the 3 prominent ideals that defines Nykaa. (-Working atNYKAA.COM: Employee Reviews | Indeed.co.in,|| 2018)

According to the cultural web model, Nykaa's culture can be assessed through:

**Paradigm:** Nykaa's paradigm can be defined as India's premier online destination for all the beauty and wellness needs. Nykaa strives to be the 1-stop-shop for its customers by retailing genuine products directly sourced from the brands itself and provide hassle-free delivery experience, reinforcing a deep commitment. (-NYKAA.COMMission, Benefits, and Work Culture,)

**Stories:** Nykaa's story is purely related to its founder FalguniNayar. It all started from her childhood dream to be an entrepreneur. Falguni founded Nykaa, a woman-centric business with multi-brand retail format in the beauty & wellness market sector with her husband Sanjay and her daughter Adwaita. Today, Nykaa has historically raised \$100B and is the biggest name when it comes to beauty in

India.(Gompers et al.,2018)

**Rituals and Routines:** Nykaa has the rarest ritual/routines. Its Omni-channel presence and multi-pronged strategies makes it unique. (-Nykaa,|2018) Nykaa's routines to maintain its product reputation include surprise checks at the warehouse, product sampling and controlling the value chain right from product sourcing to final sale to ensure no product replicas are sold. (-Nykaa.com,|2016)

**Symbols:** Nykaa.com, being the e-retailer of premium products line in India needs to

maintain its brand name and logo  for branding of the company both online & offline. Falguni Nayar dreamt of developing a brand that's always in the spotlight. This is how the name Nykaa was created. It is derived from a Bengali word - Neykal which means -always in the spotlight. Nykaa is like a baby to Falguni. She calls it Adwaita Nykaa relating the brand to her daughter Adwaita. Nykaa, under its brand symbol came up with company owned '\_Nykaa on trend' and '\_Nykaa Luxe' stores recently. The Luxe stores deal with premium & luxury brands and ON-Trend stores with all the product lines that trend on Nykaa online.(Bureau, 2017)

**Organisational Structure:** Unlike other e-commerce players opting market place model, Nykaa chose the inventory model. Nykaa's organizational structure is characterized with simple structure. Nykaa encourages collaborations with luxury brands directly to sell their products straight to the customers rather than franchising the brand. Falguni personally convinces the global brands to make them available on Nykaa and creates an amazing consumer experience for all its consumers who once used to struggle to get their hands on the luxury brands. Nykaa's business structure made the entire process of purchasing simple and hassle free. All the products sold on Nykaa are directly sourced from the original brand. Nykaa also has its own private label and recently it also went brick & mortar by launching its offline stores across the nation to create a better customer experience.

**Control System:** Nykaa developed key metrics to maintain high quality and productivity. It keeps close track of every single step involved in doing business. The authenticity of its products is what matters the most.

**Power Structure:** The power here is purely with the Nayar family as Nykaa's a private family owned business. The Nayar's have 95% of the company's stakes and remaining is with its employees.

### 5.1. Analysis Results

As a result of this cultural web analysis, we can say that Nykaa's culture prioritises its customers and their satisfaction. The major strategies of Nykaa are all customer-centric. They all start with the needs of the customers and work backwards. This makes the company more supple and pliable. Nykaa today, stands at the top in the market it is operating in because it chose to lead the market by reshaping its norms, rather than just adapting to the market trends.

## 6. Future Strategy Recommendation

From the above analysis, it can be said that Nykaa should focus on utilising its strengths from VRIO/VRIN analysis to make the most out of the available opportunities. It should enhance both its primary and support activities within its value chain. Nykaa has proven to have filled the gap between supply and demand of cosmetics in India. Nykaa has 35% market share and is leading the market in the country. After building the reputation of being genuine and selling 100% real products of various brands (both local & global) including its own label of production, it is time for Nykaa to launch a new line of luxury under its name. This initiative will help Nykaa to move to premium segment of the market from the mass segment. This expansion will boost its business thereby enabling it to sustain its market leader position in a long run.

After attaining the digital success, as Nykaa is looking forward to increase its offline presence, another strategy to consider would be to focus on its expansion in regards with brick-and-mortar concept. Nykaa has eventually been a e-retailer business that started with 100+ brands and moved into being one-stop shop for all our premium needs by offering 600+ brands and more than 20 luxury brands on its business platform. Nykaa has been extremely successful with its business model and its on-going strategies. It is already doing great in India, both digitally and physically. It already has 33 shops set-upped across the nations and is planning to open more with a rapid speed (3 in a month strategy). Nykaa has collaborated with multiple global brands from different corners of the world to give its customers the ease to buy their preferred brands from their comfort zones. Nykaa now

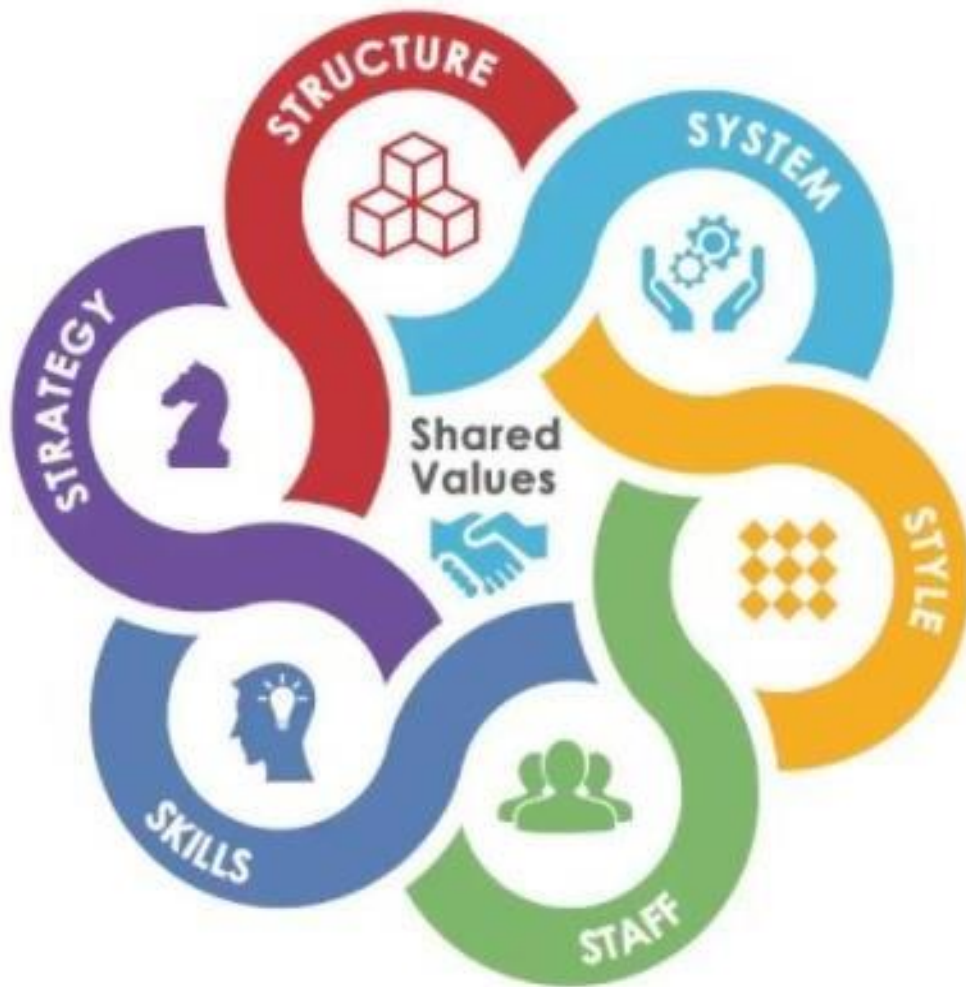
should look forward to expand globally as a lot of its reviews have had questions raised from across the world about its international expansion. Currently, not many companies provide multi-brand luxury products on their websites or in stores. This creates a room for Nykaa to become dominant in its market of operation. The vision would be that Nykaa.com would blossom across the globe with its international online presence and shipments. There won't be any halting in Nykaa's progress if they took the above strategies into consideration.

## **Chapter -3**

### **Mckensy's 7s framework**

**And**

### **Porters five force model**



Hard Elements	Soft Elements
Strategy	Shared Values
Structure	Skills
Systems	Style
	Staff



## Mckensy's 7S framework and Porters five force model with special reference to organization under study

**Strategy:** this is the organization's plan for building and maintaining a competitive advantage over its competitors.

- What is our strategy?
  
- How do we intend to achieve our objectives?
- How do we deal with competitive pressure?
- How are changes in customer demands dealt with?
- How is strategy adjusted for environmental issues?

**Structure:** this how your company is organized (that is, how departments and teams are structured, including who reports to whom).

- How is the company/team divided?
- What is the hierarchy?
- How do the various departments coordinate activities?
  
- How do the team members organize and align themselves?
  
- Is decision making and controlling centralized or decentralized? Is this as it should be, given what we're doing?
  
- Where are the lines of communication? Explicit and implicit?

**Systems:** the daily activities and procedures that staff use to get the job done.

- What are the main systems that run the organization?
- Consider financial and HR systems as well as communications and document storage.
- Where are the controls and how are they monitored and evaluated?
  
- What internal rules and processes does the team use to keep on track?

**Shared values:** these are the core values of the organization, as shown in its corporate culture and general work ethic. They were called "superordinate goals" when the model was first developed.

- What are the core values?

- What is the corporate/team culture?
- How strong are the values?
- What are the fundamental values that the company/team was built on?

**Style:** the style of leadership adopted.

- How participative is the management/leadership style?
- How effective is that leadership?
- Do employees/team members tend to be competitive or cooperative?
  
- Are there real teams functioning within the organization or are they just nominal groups?

**Staff:** the employees and their general capabilities.

- What positions or specializations are represented within the team?
- What positions need to be filled?
- Are there gaps in required competencies?

**Skills:** the actual skills and competencies of the organization's employees.

- What are the strongest skills represented within the company/team?
- Are there any skills gaps?
  
- What is the company/team known for doing well?
  
- Do the current employees/team members have the ability to do the job?
- How are skills monitored and assessed?

# **Porters Five Forces Model**

## Porters Five Forces Model with reference to Nykaa

### PORTER'S FIVE FORCES MODEL

FORCES DRIVING INDUSTRY COMPETITION



Porter's Five Forces Analysis can tell you about the profitability of a given section of the market, and the balance of power that can be found within. To do so, all we need to consider are the following 5 factors (referred to here as forces):

#### **Threat of New Entrants**

The economies of scale is fairly difficult to achieve in the industry in which Nykaa operates. This makes it easier for those producing large capacities to have a cost advantage. It also makes production costlier for new entrants. This makes the threats of new entrants a weaker force.

The product differentiation is strong within the industry, where firms in the industry sell differentiated products rather a standardised product. Customers also look for differentiated products. There is a strong emphasis on advertising and customer services as well. All of these factors make the threat of new entrants a weak force

within this industry.

The capital requirements within the industry are high, therefore, making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Capital expenditure is also high because of high Research and Development costs. All of these factors make the threat of new entrants a weaker force within this industry.

The access to distribution networks is easy for new entrants, which can easily set up their distribution channels and come into the business. With only a few retail outlets selling the product type, it is easy for any new entrant to get its product on the shelves. All of these factors make the threat of new entrants a strong force within this industry.

The government policies within the industry require strict licensing and legal requirements to be fulfilled before a company can start selling. This makes it difficult for new entrants to join the industry, therefore, making the threat of new entrants a weak force.

### **How Nykaa can tackle the Threat of New Entrants?**

Nykaa can take advantage of the economies of scale it has within the industry, fighting off new entrants through its cost advantage.

Nykaa can focus on innovation to differentiate its products from that of new entrants. It can spend on marketing to build strong brand identification. This will help it retain its customers rather than losing them to new entrants.

## **Bargaining Power of Suppliers**

The number of suppliers in the industry in which Nykaa operates is a lot compared to the buyers. This means that the suppliers have less control over prices and this makes the bargaining power of suppliers a weak force.

The product that these suppliers provide are fairly standardized, less differentiated and have low switching costs. This makes it easier for buyers like Nykaa to switch suppliers. This makes the bargaining power of suppliers a weaker force.

The suppliers do not contend with other products within this industry. This means that there are no other substitutes for the product other than the ones that the suppliers provide. This makes the bargaining power of suppliers a stronger force within the industry.

The suppliers do not provide a credible threat for forward integration into the industry in which Nykaa operates. This makes the bargaining power of suppliers a weaker force within the industry.

The industry in which Nykaa operates is an important customer for its suppliers. This means that the industry's profits are closely tied to that of the suppliers. These suppliers, therefore, have to provide reasonable pricing. This makes the bargaining power of suppliers a weaker force within the industry.

### **How Nykaa can tackle the Bargaining Power of Suppliers?**

Nykaa can purchase raw materials from its suppliers at a low cost. If the costs or products are not suitable for Nykaa, it can then switch its suppliers because switching costs are low.

It can have multiple suppliers within its supply chain. For example, Nykaa can have different suppliers for its different geographic locations. This way it can ensure efficiency within its supply chain.

As the industry is an important customer for its suppliers, Nykaa can benefit from developing close relationships with its suppliers where both of them benefit.

Looking for help with case solution on Nestle India Creating a New CSR Strategy?

### **Bargaining Power of Buyers**

The number of suppliers in the industry in which Nykaa operates is a lot more than the number of firms producing the products. This means that the buyers have a few firms to choose from, and therefore, do not have much control over prices. This makes the bargaining power of buyers a weaker force within the industry.

The product differentiation within the industry is high, which means that the buyers are not able to find alternative firms producing a particular product. This difficulty in switching makes the bargaining power of buyers a weaker force within the industry.

The income of the buyers within the industry is low. This means that there is pressure to purchase at low prices, making the buyers more price sensitive. This makes the buying power of buyers a weaker force within the industry.

The quality of the products is important to the buyers, and these buyers make frequent purchases. This means that the buyers in the industry are less price sensitive. This makes the bargaining power of buyers a weaker force within the industry.



There is no significant threat to the buyers to integrate backwards. This makes the bargaining threat of buyers a weaker force within the industry.

### **How Nykaa can tackle the Bargaining Power of Buyers?**

Nykaa can focus on innovation and differentiation to attract more buyers. Product differentiation and quality of products are important to buyers within the industry, and Nykaa can attract a large number of customers by focusing on these.

Nykaa needs to build a large customer base, as the bargaining power of buyers is weak. It can do this through marketing efforts aimed at building brand loyalty.

Nykaa can take advantage of its economies of scale to develop a cost advantage and sell at low prices to the low-income buyers of the industry. This way it will be able to attract a large number of buyers.

## **Threat of Substitute Products or Services**

There are very few substitutes available for the products that are produced in the industry in which Nykaa operates. The very few substitutes that are available are also produced by low profit earning industries. This means that there is no ceiling on the maximum profit that firms can earn in the industry in which Nykaa operates. All of these factors make the threat of substitute products a weaker force within the industry.

The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which Nykaa operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. This means that the threat of substitute products is weak within the industry.

## **How Nykaa can tackle the Threat of Substitute Products?**

Nykaa can focus on providing greater quality in its products. As a result, buyers would choose its products, which provide greater quality at a lower price as compared to substitute products that provide greater quality but at a higher price.

Nykaa can focus on differentiating its products. This will ensure that buyers see its products as unique and do not shift easily to substitute products that do not provide these unique benefits. It can provide such unique benefits to its customers by better understanding their needs through market research, and providing what the customer wants.

## **Rivalry Among Existing Firms**

The number of competitors in the industry in which Nykaa operates are very few. Most of these are also large in size. This means that firms in the industry will not make moves without being unnoticed. This makes the rivalry among existing firms a weaker force within the industry.

The very few competitors have a large market share. This means that these will engage in competitive actions to gain position and become market leaders. This makes the rivalry among existing firms a stronger force within the industry.

The industry in which Nykaa is growing every year and is expected to continue to do this for a few years ahead. A positive Industry growth means that competitors are less likely to engage in competitive actions because they do not need to capture market share from each other. This makes the rivalry among existing firms a weaker force within the industry.

The fixed costs are high within the industry in which Nykaa operates. This makes the companies within the industry to push to full capacity. This also means these companies to reduce their prices when demand slackens. This makes the rivalry among existing firms a stronger force within the industry.

The products produced within the industry in which Nykaa operates are highly differentiated. As a result, it is difficult for competing firms to win the customers of each other because of each of their products in unique. This makes the rivalry among existing firms a weaker force within the industry

The production of products within the industry requires an increase in capacity by large increments. This makes the industry prone to disruptions in the supply-demand balance, often leading to overproduction. Overproduction means that companies have to cut down prices to ensure that its products sell. This makes the rivalry among existing firms a stronger force within the industry.

The exit barriers within the industry are particularly high due to high investment required in capital and assets to operate. The exit barriers are also high due to government regulations and restrictions. This makes firms within the industry reluctant to leave the business, and these continue to produce even at low profits. This makes the rivalry among existing firms a stronger force within the industry.

The strategies of the firms within the industry are diverse, which means they are unique to each other in terms of strategy. This results in them running head-on into each other regarding strategy. This makes the rivalry among existing firms a strong force within the industry.

### **How Nykaa can tackle the Rivalry Among Existing Firms?**

Nykaa needs to focus on differentiating its products so that the actions of competitors will have less effect on its customers that seek its unique products.

As the industry is growing, Nykaa can focus on new customers rather than winning the ones from existing companies.

Nykaa can conduct market research to understand the supply-demand situation within

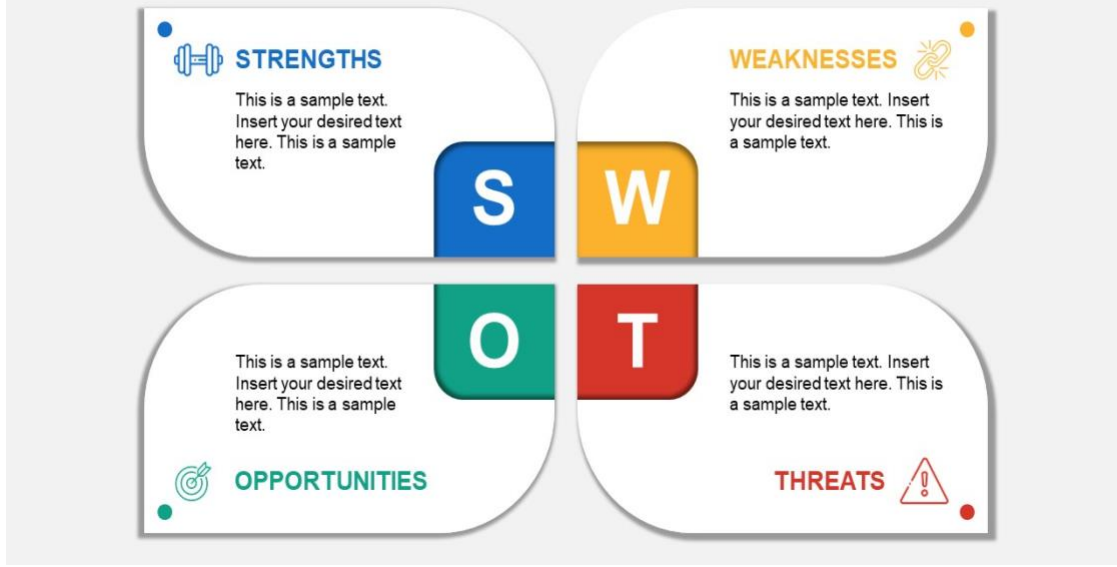
the industry and prevent overproduction.

#### Implications of Porter Five Forces on Nykaa

By using the information in Nykaa five forces analysis, strategic planners will be able to understand how different factors under each of the five forces affect the profitability of the industry. A stronger force means lower profitability, and a weaker force means greater profitability. Based on this a judgement of the industry's profitability can be made and used in strategic planning.

**CHAPTER :4**  
**SWOT ANALYSIS**

## SWOT Analysis



### **STRENGTHS :**

- Rising Net Cash Flow and Cash from Operating activity
- MACD Crossover Above Signal Line
- Company with No Debt
- Company with Zero Promoter Pledge
- Strong Momentum: Price above short, medium and long term moving averages

### **WEAKNESSES :**

- Negative Breakdown First Support ( $LTP < S1$ )

- Degrowth in Revenue and Profit Decline in Net Profit (QoQ)
- Decline in Quarterly Net Profit (YoY)
- Decline in Net Profit with falling Profit Margin (QoQ)
  
- Decline in Quarterly Net Profit with falling Profit Margin (YoY)
  
- Degrowth in Quarterly Revenue and Profit in Recent Results
- Declining Revenue every quarter for the past 2 quarters
- Declining profits every quarter for the past 2 quarters
- Major fall in TTM Net Profit
  
- Recent Results : Fall in Quarterly Revenue and Net Profit (YoY)
  
- Recent Results: Declining Operating Profit Margin and Net Profits (YoY)

## **OPPORTUNITIES**

- Brokers upgraded recommendation or target price in the past three months
- RSI indicating price strength

## **THREATS**

- Profit to Loss Companies



- Degrowth in Revenue, Profits and Operating Profit Margin in recent results (QoQ)
- Increasing Trend in Non-Core Income
- Stocks with high PE (PE > 40)

**Chapter 5**

**Financial Statements**

**2019 - 2020**

## **ANALYSIS OF FINANCIAL STATEMENT**

Financial statements are a formal record of the financial activities and position of a business, person, or other entity. Relevant financial information is presented in a structured manner and in a form easy to understand. They typically include basic financial statements, accompanied by a management discussion and analysis A balance sheet or statement of financial position, reports on a company assets, liabilities, and owners' equity at a given point in time.

□ An income statement or statement of comprehensive income, statement of revenue expense or profit and loss report, reports on a company income, expenses, and profits over a period of time. A profit and loss statement provides information on the operation of the enterprise. These include sales and the various expenses incurred during the stated period.

□ A cash flow statement reports on company cash flow activities, particularly its operating, investing and financing activities

### **5.1 Purpose for Business Entities**

The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial statements should be understandable, relevant, reliable and comparable. Reported assets, liabilities, equity, income and expenses are directly related to an organizations financial position.

Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management annual report to the stockholders.

PROFIT AND LOSS ACCOUNT FOR YEAR 2019-20

<b>INCOME</b>		
Revenue From Operations [Gross]	30,264.23	
Less: Excise/Service Tax/Other Levies	270.30	
Revenue From Operations [Net]	29,993.93	
Other Operating Revenues	1,314.21	
Total Operating Revenues	31,308.14	
Other Income	623.15	
Group Share In Joint Ventures	0.00	
Total Revenue	31,931.29	
<b>EXPENSES</b>		
Cost Of Materials Consumed	5,124.61	
Purchase Of Stock-In Trade	3,277.76	
Purchase of Crude Oil And Others	0.00	
Cost of Power Purchased	0.00	
Cost Of Fuel	0.00	
Aircraft Fuel Expenses	0.00	
Aircraft Lease Rentals	0.00	
Operating And Direct Expenses	0.00	
Changes In Inventories Of FG,WIP And Stock-In Trade	-271.63	
Employee Benefit Expenses	4,902.30	

Finance Costs	399.80	
Provisions and Contingencies	0.00	
Depreciation And amortization Expenses	1,264.75	
Miscellaneous Expenses Written Off	0.00	
Other Expenses	8,185.83	
Less: Inter Unit / Segment / Division Transfer	0.00	
Less: Transfer to / From Investment / Fixed Assets / Others	0.00	
Less: Amounts Transfer To Capital Accounts	0.00	
Less: Share of Loss From Partnership Firm	0.00	
Group Share In Joint Ventures	0.00	
Total Expenses	22,883.42	

Profit/Loss Before Exceptional, Extra Ordinary Items And Tax	9,047.87	
Exceptional Items	0.00	
Profit/Loss Before Tax	9,047.87	
Tax Expenses-Continued Operations		
Current Tax	404.64	
Less: MAT Credit Entitlement	0.00	
Deferred Tax	806.93	
Other Direct Taxes	0.00	
Tax For Earlier Years	0.00	
Total Tax Expenses	1,211.57	

Profit/Loss After Tax And Before Extra-Ordinary Items	7,836.30	
Prior Period Items	0.00	
Extraordinary Items	0.00	
Profit/Loss From Continuing Operations	7,836.30	
Profit Loss From Discontinuing Operations	0.00	
Total Tax Expenses Discontinuing Operations	0.00	
Net Profit Loss From Discontinuing Operations	0.00	
Profit/Loss For The Period	7,836.30	
Minority Interest	-881.86	
Share Of Profit/Loss Of Associates	9.93	
Consolidated Profit/Loss After MI And Associates	6,964.37	
OTHER ADDITIONAL INFORMATION		
EARNINGS PER SHARE		
Basic EPS (Rs.)	29.00	
Diluted EPS (Rs.)	29.00	
Imported Raw Materials	0.00	
Indigenous Raw Materials	0.00	
Imported Stores And Spares	0.00	
Indigenous Stores And Spares	0.00	
DIVIDEND AND DIVIDEND PERCENTAGE		
Equity Share Dividend	240.68	
Preference Share Dividend	0.00	
Tax On Dividend	49.00	

# **Chapter 6**

## **Learning Experience**

The main purpose of the organization study is to make students acquainted with the practical knowledge about the overall functioning of the organization. It gives opportunity to study the human behavior and also makes one ready to face different situations, which normally would come across while on work in the office or factory environment.

The primary objective of the organization study is to make the students to know the practical applicability with respect to the theoretical concepts in the business decisions. The understand Behavior, culture of the organization and to know about the various policies of the organization and its performance and its future strategies.

The first and foremost important factor, which focuses this study, is the need of the student to know about practical aspects of the functioning of the organization. This study will help the individual when he or she finishes the course and goes for a job. No doubt that the necessary training will be imported at the workplace but having a brief knowledge before entering the organization will certainly help the individual in learning about the organization quickly and improve his or her performance for his or her betterment as well as for betterment of the organization for which he or she is working.



### **The basic values of internship I have taught are:**

1. I have gained experience by applying knowledge and skills in work related situations.
2. Have learnt about what kind of official works to do and also gained my level of confidence in my own abilities.
3. Gained the practical real work experience as an employee.
4. Expanding my knowledge by seeing others mistakes and to solve them.
5. I have learnt how to identify the internal problems of the company and to be solved.
6. Multitasking in some areas and team work.

My experience at internship has taught me more than I could have imagined. I felt my duties were diverse and ever changing. Sometimes it's tough to recall everything I have taken in over past month, but even though I feel that these are some of the most beneficial lessons I have learnt.

Learnt about the organization, their existence, mission, vision of the company and product profile, and the types of product they have been offered, and the services profile we learn on organization structure, hierarchy of the organization, decision making process. They also increase communication skill while interacting with the staff members and they learn about management team, their responsibilities, their point of view in future expectation of products, Learnt on company core values that is using team word instead of I that results efficiency in work. And also understand is strength, weakness, opportunity, and threat of the company.

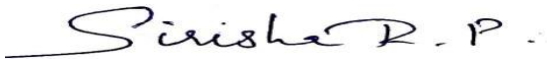
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- Marketing Management –Philip Kotler
  
- Principles of Pharmaceutical Marketing – Mickey Smith

[www.nykaa.co.in](http://www.nykaa.co.in) An internship with a company, which is well established, is a brilliant source of knowledge. I will be able to physically feel and experience the concepts that I have learned throughout my life. This provides me a chance to reflect upon what I have learned till now. On the other hand, I will be able to gain some very important insights of working with senior officials in reality. I would be able to utilize their experience as a guide to correct my mistakes and to rediscover more skills that will be useful. The works related to the company plays as an opportunities where they have given the assignments directly related to an area of study or career interest.

## WEEKLY PROGRESS REPORT

Student Name	Sirisha RP
USN	1CR19MBA83
Title of the Study	Organisation study on NYKAA products
Organization	NYKAA products
<b>WEEK-1</b>	
Duration (start date - End date)	<b>6.8.2020 - 12.8.2020</b>
Chapter s covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
<b>WEEK-2</b>	
Duration (start date - End date)	<b>13.8.2020 - 18.8.2020</b>
Chapter s covered	Chapter 3
Descriptions of activities performed during the week	Mckensy's 7S framework, Porter's Five Force Model.
<b>WEEK-3</b>	
Duration (start date - End date)	<b>19.8.2020 - 26.8.2020</b>
Chapter s covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
<b>WEEK-4</b>	
Duration (start date - End date)	<b>27.8.2020 - 30.8.2020</b>
Chapter s covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography



Signature of the Student

Signature of the Guide