



A Financial Profitability Analysis Of Myntra

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ABSTRACT

Profitability analysis helps firms identify future emphasis areas. Profitability may be analyzed in a variety of methods, including historical trend analysis and predictive modeling. There are several theories on profitability analysis. Profitability costing involves allocating expenditures to specific goods or partnerships to identify the most lucrative ones. Various software options can assist companies in developing a profitability model. Mind Stream Analytics specializes in Profitability Costing and can assist your firm in determining the most effective strategies for creating profitability.

E-business websites specialize in selling items or services to clients via the internet. They work similarly to traditional physical stores. An e-business website stores items in a centralized area, allowing users to explore and purchase from several businesses. E-business websites typically provide a wide range of things, such as apparel, furniture, and gadgets. Some e-business websites offer services, events, and digital items, including e-books. Again, in recent years, e-business has become a major subject. E-businesses refer to the online resale of products. Many e-business sites try to increase consumer loyalty. E-business website performance is influenced by several factors, including usability, which is crucial for online success. This study might employ Nielsen's usability criteria to examine the usability of Myntra's e-business websites through a poll. This examines if e-business websites, like Myntra, offer beneficial elements for completing usability tasks quickly and easily.

Keywords: *Gross Profit, Profitability, Return on Investment, Operating Profit, Myntra, platform.*

INTRODUCTION

Myntra, a major participant in the Indian e-commerce market, has piqued the interest of investors following the rapidly changing world of online shopping. Understanding the elements that influence Myntra Share Price is critical for investors looking to make educated decisions. In this post, we will look at the many factors influencing Myntra's share price and highlight the major patterns that investors should be aware of. Its trajectory in the e-commerce space has been nothing short of spectacular. As a Flipkart subsidiary, it has garnered significant market share in the fashion and lifestyle categories. The first thing investors usually assess is the overall market environment. Consumer buying patterns, e-commerce sector developments, and macroeconomic variables all have a significant influence on Myntra.

Analyzing Myntra's financial health is critical to determining its prospects for growth. Investors frequently evaluate important financial measures including sales, profit margins, and cash flow. Exploring the company's quarterly and annual reports can give useful insights into its performance, allowing investors to make better judgments. In the extremely competitive e-commerce market, understanding Myntra's position in comparison to its competitors is critical. A comparative review of market share, consumer

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happiness, and strategic collaborations may provide investors with significant perspective. Observing how Myntra separates itself from competitors might help forecast share price fluctuations.

RESEARCH OBJECTIVES

- Assess the revenue composition of Myntra, focusing on the contribution of various revenue streams such as product sales, commissions, subscriptions, and partnerships.
- Investigate the operational efficiency of Myntra's business model, examining how it generates revenue and manages costs to sustain profitability.
- Analyze key profitability metrics of Myntra to determine its financial performance and effectiveness in delivering returns to stakeholders.
- Explore external factors influencing Myntra's profitability, including market dynamics, competitive landscape, regulatory environment, and economic conditions, to understand their impact on the company's financial performance.

REVENUE STREAM AND BUSINESS MODEL

Myntra generates a diverse income source, largely via the sale of apparel, accessories, and lifestyle items. At its heart, Myntra is an e-commerce platform that facilitates transactions between consumers and a wide range of fashion brands and merchants. The company's revenue strategy is built on numerous sources, each of which contributes to its overall financial health and growth trajectory. Myntra's principal revenue source comes from the sale of a wide range of fashion items, such as clothes, footwear, accessories, and beauty products. Myntra, using its enormous network of suppliers and brands, provides shoppers with a wide range of stylish and fashionable items to suit a variety of tastes. Myntra dominates India's expanding online apparel sector with its user-friendly platform and easy purchasing experience.

In addition to direct product sales, Myntra generates money via supplementary services and partnerships. Sales commissions are one significant source of revenue production. Myntra normally charges sellers and brands a commission fee for displaying their items on its site and processing transactions. This compensation arrangement encourages merchants to use Myntra's platform to reach a larger audience while providing a consistent cash stream for the firm. Furthermore, Myntra is looking at income options through subscription services and loyalty programs. While Myntra's basic site is free to browse and purchase, premium subscription tiers may include special discounts, early access to sales, and tailored suggestions. These services not only create recurring income and build client loyalty. Myntra's income strategy is complex, including direct product sales, sales commissions, subscription services, and strategic partnerships. Myntra continues to innovate and extend its income streams by using its strong platform and brand value, firmly establishing itself as a leader in India's online fashion ecosystem.

ASSESSMENT OF MYNTRA'S PROFITABILITY AND FINANCIAL STUDY

Flipkart-owned fashion ecommerce platform Myntra's net loss increased by more than 30% in the fiscal year ending March 31, 2023. The Bengaluru-based ecommerce platform reported a net loss of INR 782.4 crore in fiscal year 2022-23 (FY23), up 31% from INR 597.6 crore in the previous fiscal year. Myntra operates a marketplace where third-party retailers may sell their fashion goods to buyers. As a marketplace service provider, the startup's primary source of income is transaction fees paid by sellers. It also generates revenue from logistics, advertising, and consulting services. Myntra has also begun selling things under its own label.

Myntra's operational revenue increased by 25% to INR 4,375.3 crore in the fiscal year under review, up from INR 3,501.2 crore the previous year. Including other income, Myntra's total revenue increased by 25% to INR 4,509.2 crore from INR 3,609.9 crore in FY22. In fiscal year 2023, Myntra spent about 40% of its operating income on advertising. Its advertising costs increased by 36% to INR 1,758.8 crore from INR 1,298 crore in FY22. Employee Benefit Expenses: Employee expenditures increased by 21% to INR 631.8 Cr in FY23 from INR 522.5 Cr the previous fiscal year. Employee benefit expenses include salary, gratuities, and other employee welfare benefits. The startup's EBITDA margin fell to -16.4% in FY23, from -15.75% in FY22.

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E-commerce businesses are subject to regulations that might have an influence on their operations. Changes in rules governing data protection, taxation, and foreign investment can all have an impact on Myntra, influencing its share price. Staying up to date on regulatory developments is critical for investors seeking to foresee potential dangers. Myntra's performance is inextricably linked to consumer preferences and fashion trends. Monitoring changes in consumer behavior, such as the emergence of sustainable fashion or adjustments in preferred purchasing channels, can give useful information. Adapting to changing consumer trends is critical for Myntra to retain and improve its market position, which influences share prices.

PROFITABILITY METRICS AND FINANCIAL PERFORMANCE OF MYNTRA

When reviewing Myntra's profitability measurements and financial performance, numerous critical indicators provide insight into the company's financial health and operational efficiency. The gross profit margin, which is derived by dividing gross profit by total revenue and represented as a percentage, represents Myntra's capacity to make profit after subtracting the cost of products sold. Similarly, the net profit margin, calculated by dividing net profit by total revenue, is the percentage of income kept as profit after deducting all costs, taxes, and interest payments.

Evaluating Myntra's return on investment (ROI) offers an indication of how efficiently the firm uses its money to create profits. ROI demonstrates Myntra's capacity to make profits in relation to the resources invested in its operations by dividing net profit by total investment and reporting the result as a percentage. Furthermore, measuring earnings per share (EPS), which is calculated by dividing net profit by the number of outstanding shares, provides insight into Myntra's profitability on a per-share basis, assisting investors in evaluating the company's financial performance and future returns. Comparing these profitability measures to industry benchmarks and historical performance data provides a better insight of Myntra's financial condition and competitive stance in the e-commerce and fashion retail sectors. Benchmarking against industry rivals and historical performance patterns allows stakeholders to discover areas of strength and weakness, uncover growth possibilities, and make strategic decisions to improve Myntra's profitability and long-term survival in the changing marketplace.

SUGGESTIONS AND RECOMMENDATIONS

Global markets are divided into three phases: developing, emerging, and developed. Policies vary based on international regulations, trade laws, national interests, political intervention, and market mechanisms influenced by international policies and agreements. The first problem for global markets is their structure, which has historically created hurdles and will continue to do so in the future. To overcome this dilemma, international rules governing global markets should be formalized in a single forum that considers both local and international governance, as well as domestic and global interests.

Customer preferences have a significant effect in worldwide market dynamics. Customer preferences and product perceptions are influenced by national image and word-of-mouth in foreign marketplaces. Understanding the cultures and views of both the host and home countries is crucial. Customer perceptions and cultural shifts provide significant issues in global marketplaces due to fast changes in lifestyles and governance systems worldwide. Firms considering globalization should do research on both the host and home countries, as well as the product's image globally. This will provide a solid base for entering the worldwide market. It's important to note that conducting this research is a time-consuming and costly endeavor with broad-based outcomes. Customer choices in overseas markets are often influenced by cultural variations, as shown through interviews. The marketing manager had a huge issue in understanding the consumption habits and company operations methods of local employees with similar ideals.

Global markets face trade restrictions owing to domestic industry protection, resource use preferences, and political factors in different nations. International trade obstacles are typically constructed by developing nations since their economies are powerful in several aspects. The study suggests that following

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international norms and regulations by firms and home countries can lead to the removal of trade obstacles and ceilings through multinational consortiums. The interview analysis emphasizes the need of addressing trade obstacles through bilateral and government agreements. This protects the industry, grows market share, and trades resources.

FACTORS AFFECTING PROFITABILITY OF BUSINESS AND RECOMMENDATIONS

Internally, managerial decisions have a significant impact on Myntra's profitability. Strategic decisions on product assortment, marketing campaigns, and investment allocation have a direct influence on revenue generating and expense management techniques. Furthermore, operational efficiency, which includes supply chain management, inventory optimization, and fulfillment operations, has a substantial impact on Myntra's bottom line by reducing costs while increasing resource utilization. Furthermore, Myntra's price methods, which include promotional discounts, pricing tiers, and bundling choices, influence consumer behavior and revenue generating. Furthermore, the legal framework, which includes consumer protection laws, taxation rules, and data privacy restrictions, places compliance requirements and operational limits on Myntra's business operations.

Economic circumstances such as inflation, currency rate changes, and GDP growth all have an impact on customer buying behavior and purchasing power, affecting Myntra's revenue and profitability. By thoroughly analyzing these internal and external factors, stakeholders gain valuable insights into the drivers and constraints that influence Myntra's profitability, allowing for informed decision-making and strategic planning to improve financial performance and maintain a competitive advantage in the dynamic retail landscape.

ANALYSIS AND CONCLUSION

Finally, investing in Myntra necessitates a thorough awareness of the numerous elements that impact its share price. Investors must keep up with the changing scene, which includes market dynamics, financial performance, technology improvements, and regulatory changes. By completing extensive research and analysis, investors may make educated judgments, allowing them to negotiate the difficulties of the e-commerce business and perhaps reap the benefits of Myntra's development. The research of various ratios for Flipkart and Myntra reveals that profitability depends on resource use, both local and cross-border, which affects the performance of the acquiring business differently. Myntra's success in being the chosen partner for international fashion and beauty companies in India is due to its ability to understand and respond to the changing consumer landscape. By combining the qualities of international brands with Myntra's extensive knowledge of the Indian market, the platform continues to create new benchmarks for consumer happiness.

The analysis of profitability measures such as gross profit margin, net profit margin, return on investment, and earnings per share demonstrates Myntra's capacity to produce profits, maximize capital use, and deliver returns to shareholders. Comparative comparison using industry standards and historical performance data helps to contextualize Myntra's financial position, showing areas of strength and chances for progress. Furthermore, investigating internal factors such as management decisions, operational efficiency, and pricing strategies, as well as external influences such as market trends, competitive landscape, regulatory environment, and economic conditions, sheds light on the multifaceted nature of Myntra's profitability drivers and constraints. By combining this information, stakeholders can develop informed plans to boost Myntra's profitability, manage risks, and seize emerging opportunities in the changing retail landscape. Finally, the analysis of Myntra's financial profitability serves as a platform for strategic decision-making, promoting ongoing growth and assuring the company's long-term success in the competitive e-commerce industry.

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