

A STUDY ON FINANCIAL ANALYSIS OF AMAZON

Submitted in partial fulfillment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

By
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**DEPARTMENT OF BUSINESS
ADMINISTRATION SCHOOL OF MANAGEMENT
STUDIES**

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A++" by NAAC | 12B Status by UGC
CATEGORY - 1 UNIVERSITY BY UGC | Approved by AICTE
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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **SANCHES CAROLINE.K 42410254** who carried out the Project Training “**A STUDY ON FINANCIAL ANALYSIS OF AMAZON**” under my supervision from October 2023 to December 2023.

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ABSTRACT

In the fast-paced world of e-commerce, Amazon has emerged as a behemoth, redefining the way we shop and conduct business. This project aims to delve deep into the financial performance of Amazon, shedding light on its fiscal health and strategic financial decisions. Through a comprehensive analysis of its income statements, balance sheets, and cash flow statements, we explore key financial metrics, profitability, liquidity, and solvency indicators. Furthermore, this study assesses the impact of Amazon's financial strategies on its market positioning, growth, and competitive advantage.

The financial analysis of Amazon not only provides valuable insights into its current standing but also serves as a lens through which we can understand the broader landscape of the e-commerce industry. By examining Amazon's financial prowess, this project offers valuable information for investors, industry analysts, and business enthusiasts seeking to comprehend the factors contributing to the company's remarkable success. This research seeks to empower stakeholders with a comprehensive financial perspective of Amazon, unveiling the intricate web of data that underlies its position as a global e-commerce juggernaut.

This comprehensive financial analysis of Amazon seeks to dissect and interpret the intricate fiscal landscape of one of the world's most prominent companies. Through a meticulous examination of Amazon's financial statements, this study aims to unravel the underlying dynamics governing its profitability, liquidity, operational efficiency, and strategic financial maneuvers. By employing a range of financial tools, ratios, and benchmarks, the analysis intends to offer nuanced insights into Amazon's financial resilience, growth trajectory, and market positioning. This research endeavors to shed light on the strategic implications of Amazon's financial decisions, unveiling patterns, strengths, weaknesses, and potential areas for enhancement within its financial strategy. Ultimately, the study strives to provide a holistic understanding of Amazon's financial anatomy, contributing valuable perspectives on its market leadership, sustainability, and future prospects within the dynamic landscape of global commerce.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In the ever-evolving landscape of global commerce, few entities have left as profound a mark as Amazon. The e-commerce giant, founded by Jeff Bezos in 1994, has transformed the way the world shops and conducts business. Amazon's growth trajectory has been nothing short of extraordinary, earning it a coveted position as one of the world's most valuable and influential companies. However, behind this remarkable ascent lies a complex financial narrative that demands meticulous scrutiny.

This project embarks on a journey to dissect the financial intricacies of Amazon. We embark on an exploration of the financial statements and records of Amazon to unveil the secrets that have fueled its meteoric rise. Our focus is not only on the numbers but also on the strategic financial decisions that have propelled the company forward. As we navigate through Amazon's financial labyrinth, we aim to understand its fiscal health, profitability, liquidity, and long-term solvency holistically.

The financial analysis of Amazon is more than a mere examination of numbers; it is a window into the core of a global e-commerce powerhouse. This undertaking is designed to offer insights to investors, financial analysts, and anyone intrigued by the intricate interplay of financial strategies that have solidified Amazon's dominance. Through this study, we aim to reveal the financial secrets underpinning Amazon's ascendancy and to provide a comprehensive view of the e-commerce industry as a whole.

In essence, this project unravels the financial tapestry of Amazon, providing a nuanced understanding of how financial acumen and strategy can turn a modest online bookstore into a global conglomerate that is reshaping the way the world shops and conducts business.

Amazon's Evolution:

From its origins as an online bookstore to a global conglomerate, Amazon's evolution has reshaped industries, influencing consumer behavior and setting benchmarks in e-commerce and technology.

Digital Revolution Pioneer:

Amazon's inception and subsequent growth amid the digital revolution signify its transformative impact on consumer behavior, technological advancements, and global commerce, warranting an in-depth financial analysis.

Global Market Influence:

Amazon's expansive reach across continents, catering to diverse consumer demands and markets, underscores the significance of dissecting its financial data to comprehend its global market influence and adaptability.

Technological Disruption:

As a harbinger of technological innovation, Amazon's financial analysis unveils the interplay between its tech investments, market disruptions, and its financial performance, shaping industry landscapes and consumer experiences.

Investor Expectations:

The constant scrutiny by investors and stakeholders necessitates an in-depth analysis to decode Amazon's financial roadmap, aligning with investor expectations, and influencing market sentiments.

Market Dominance:

Amazon's unparalleled market presence extends across diverse sectors, including e-commerce, cloud computing, entertainment, hardware, and logistics, impacting various facets of the global economy.

Financial Magnitude:

With a strong focus on innovation and expansion, Amazon's financial performance stands as a testament to its market dominance, making it crucial to conduct a comprehensive analysis to decipher its financial strengths and challenges

Investor Interest:

Amazon's performance significantly influences investor sentiment, stock valuation, and market dynamics, warranting an in-depth financial analysis to provide insights crucial for investment decisions and strategic planning.

Industry Impact:

Amazon's strategic initiatives and disruptive innovations have reverberated across industries, prompting the need for a meticulous examination of its financial health to understand its impact on market competition and technological advancements.

Consumer-Centric Strategies:

Amazon's customer-centric approach and diverse business ventures necessitate a financial deep dive to assess the alignment of its financial strategies with evolving consumer preferences and market dynamics.

Resilience Amidst Challenges:

Exploring Amazon's financial resilience in the face of challenges, such as regulatory scrutiny, market saturation, or disruptions, provides insights into its adaptive strategies and risk management practices.

Sustainability Efforts:

An analysis delving into Amazon's financial reports sheds light on its investments and commitments towards sustainability, highlighting its environmental responsibility and long-term growth strategies.

Direct Financial Analysis:

Financial Ratios:

Directly analyzing financial statements to derive ratios like profitability (net profit margin), liquidity (current ratio), leverage (debt-to-equity ratio), and efficiency (inventory turnover).

Trend Analysis:

Examining historical financial data to identify patterns, trends, and changes in key financial metrics over time.

Cash Flow Analysis:

Evaluating cash inflows and outflows to assess the company's ability to generate cash and manage liquidity.

DuPont Analysis:

Breaking down return on equity (ROE) into its components to understand factors impacting profitability.

Valuation Models:

Using models like discounted cash flow (DCF) or price-earnings ratio (P/E) to estimate the company's intrinsic value.

Indirect Financial Analysis Impact:**Investment Decisions:**

The financial analysis directly influences investor decisions regarding buying, holding, or selling stocks based on financial health indicators.

Strategic Planning:

Insights derived from financial analysis impact strategic decisions, such as expansion plans, product diversification, or resource allocation.

Market Perception:

Financial performance influences market sentiment and perceptions, affecting brand image, consumer trust, and investor confidence.

Regulatory Compliance:

Meeting financial benchmarks impacts the company's compliance with regulations and accounting standards.

Competitive Positioning:

Understanding financial metrics allows for benchmarking against competitors, and identifying strengths and areas for improvement.

1.2 INDUSTRY PROFILE:

Amazon's industry is a multi-faceted landscape, encompassing a diverse array of sectors that underscore its global influence and innovation. At its core, Amazon revolutionized e-commerce, establishing itself as a pioneer and frontrunner in online retail. The company's expansive marketplace offers an unparalleled selection of products, from electronics to household essentials, catering to a broad spectrum of consumer needs. In parallel, Amazon Web Services (AWS) dominates the cloud computing market, providing scalable and reliable services that power businesses, governments, and individuals worldwide. Additionally, Amazon's foray into digital content and entertainment via Amazon Prime Video and Amazon Music competes vigorously in the streaming industry. Beyond digital offerings, the company's hardware development division, including Kindle e-readers, Fire tablets, and Echo smart speakers, reshapes the landscape of technology-infused consumer devices. Amazon's logistics prowess, exemplified by its sophisticated delivery network and fulfillment centers, sets industry standards. Complementing its technological prowess, Amazon invests significantly in AI, machine learning, and sustainability initiatives, positioning itself at the forefront of innovation across various industries. The amalgamation of these sectors showcases Amazon's far-reaching impact and its role as a transformative force in shaping global commerce, technology, and consumer experiences.

E-Commerce:

Amazon began as an online bookstore and rapidly expanded into a one-stop shop for diverse products. It dominates global online retail, offering an extensive range of goods from electronics and clothing to household items and more

Cloud Computing:

Amazon Web Services (AWS) is a key player in cloud computing, providing scalable and on-demand computing solutions to businesses, governments, and individuals. AWS offers services like storage, computing power, database management, and analytics

Tech Exploration:

The company's persistent exploration of emerging technologies like AI, machine learning, and robotics fuels innovation across sectors. These advancements not only optimize Amazon's operations but also influence technological advancements worldwide.

Smart Home Innovations:

Amazon's hardware division, including Echo devices and Ring security systems, has propelled the adoption of smart home technology. Voice-controlled assistants and IoT-enabled devices have transformed homes, showcasing Amazon's impact on connected living.

Retail Disruption :

Amazon's dominance in online retail has transformed consumer behavior, challenging traditional brick-and-mortar stores. Its vast product range, competitive pricing, and efficient delivery have redefined shopping experiences, compelling rivals to adapt to the changing retail landscape

Entertainment and Media:

Amazon Prime Video competes in the streaming industry, offering a vast library of movies, TV shows, and original content. Additionally, it has ventured into music streaming with Amazon Music.

Artificial Intelligence and Smart Devices:

Amazon's AI assistant, Alexa, powers smart devices like Echo speakers and various IoT (Internet of Things) products, positioning the company in the rapidly growing smart home market.

Logistics and Delivery Services:

Amazon's robust logistics network ensures efficient product delivery through its own shipping services and partnerships with carriers worldwide. The company constantly innovates to optimize delivery times and methods.

Healthcare and Pharmacy:

With the acquisition of Pill Pack, Amazon stepped into the healthcare industry, offering online pharmacy services and exploring healthcare technology solutions.

Physical Retail:

Amazon has expanded its presence in brick-and-mortar retail through Amazon Go stores, bookstores, and its acquisition of Whole Foods Market, combining online and offline retail experiences.

Amazon's versatility and continuous innovation have allowed it to penetrate multiple industries, leveraging technology and customer-centric strategies to maintain its position as a global leader in business and technology.

The e-commerce and technology sector represents a dynamic and ever-evolving landscape in the global business environment. In recent years, this industry has witnessed a remarkable transformation driven by advancements in technology, changing consumer behavior, and the emergence of innovative business models. Among the key players in this sector, Amazon stands out as a juggernaut, shaping the future of online retail, cloud computing, and various ancillary services.

it encompasses a wide range of businesses and services, from online retail platforms and digital marketplaces to cloud computing and artificial intelligence. It is a sector where companies constantly strive for innovation, operational efficiency, and customer-centric solutions. As technology continues to play a pivotal role in the way people live, work, and shop, understanding the financial dynamics and performance of industry leaders like Amazon is of paramount importance.

This industry profile offers a comprehensive overview of the e-commerce and technology sector, with a particular focus on Amazon's financial landscape. Through a detailed analysis of financial performance, market trends, and competitive positioning, we aim to provide insights into how Amazon, as a representative of the sector, navigates the complex intersection of e-commerce and technology, contributing to its dominant presence in the global marketplace.

As we delve into the financial intricacies of Amazon and its peers, we will explore the factors that drive growth, profitability, and sustainability in this rapidly evolving sector. By shedding light on the dynamics of Amazon's financial strategies, investments, and market influence, this industry profile aims to offer valuable

insights for investors, analysts, and business professionals interested in the e-commerce and technology landscape.

1.3 Company profile

Company Name: Amazon.com, Inc.

Founded: July 5, 1994

Founder: Jeff Bezos

CEO: Andy Jassy (as of July 2021)

Headquarters: Seattle, Washington, United States

Overview:

Amazon started as an online bookstore and rapidly diversified into a multinational technology conglomerate. Renowned for its customer-centric approach and innovation, Amazon has transformed global retail, technology, and various industries.

Key Businesses and Offerings:

Market Position:

Amazon stands as one of the world's most valuable companies, consistently evolving and expanding its reach across various sectors, influencing markets and consumer experiences worldwide.

E-Commerce:

Largest online retailer offering a wide range of products and services.

Amazon Web Services (AWS):

A leading cloud computing platform providing on-demand computing power, storage, and services.

Entertainment:

Amazon Prime Video, is a streaming service with original content and a vast library of movies and TV shows.

Artificial Intelligence:

Alexa-powered smart devices like Echo speakers and IoT solutions.

Innovation and Impact:

Amazon's emphasis on innovation, data-driven decision-making, and customer obsession has disrupted industries and set new standards. Its ecosystem spans retail, cloud services, AI, entertainment, and more, reshaping consumer behavior and technological landscapes globally.

Logistics and Delivery:

Robust supply chain and delivery network for efficient shipping.

Physical Retail:

Amazon Go stores, bookstores, Whole Foods Market.

Mission Statement:

Amazon's mission is to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices.

Key Values:

Customer obsession, innovation, long-term thinking, operational excellence, and commitment to sustainability.

FINANCIAL INFORMATION

Revenue:

Amazon's revenue has been consistently growing. In 2021, the company reported revenue of over \$386 billion, marking a significant increase from the previous years.

Profitability:

Amazon's profit margins have varied over time due to its strategy of investing heavily in growth and innovation. In recent years, its net income has shown considerable growth, reaching billions of dollars annually.

Amazon Web Services (AWS):

AWS, Amazon's cloud computing division, has been a major revenue driver. It accounts for a significant portion of Amazon's operating income and has consistently shown robust growth.

Operating Expenses:

Amazon has historically maintained high operating expenses due to investments in technology, fulfillment centers, content for Prime Video, and various other areas to support its growth.

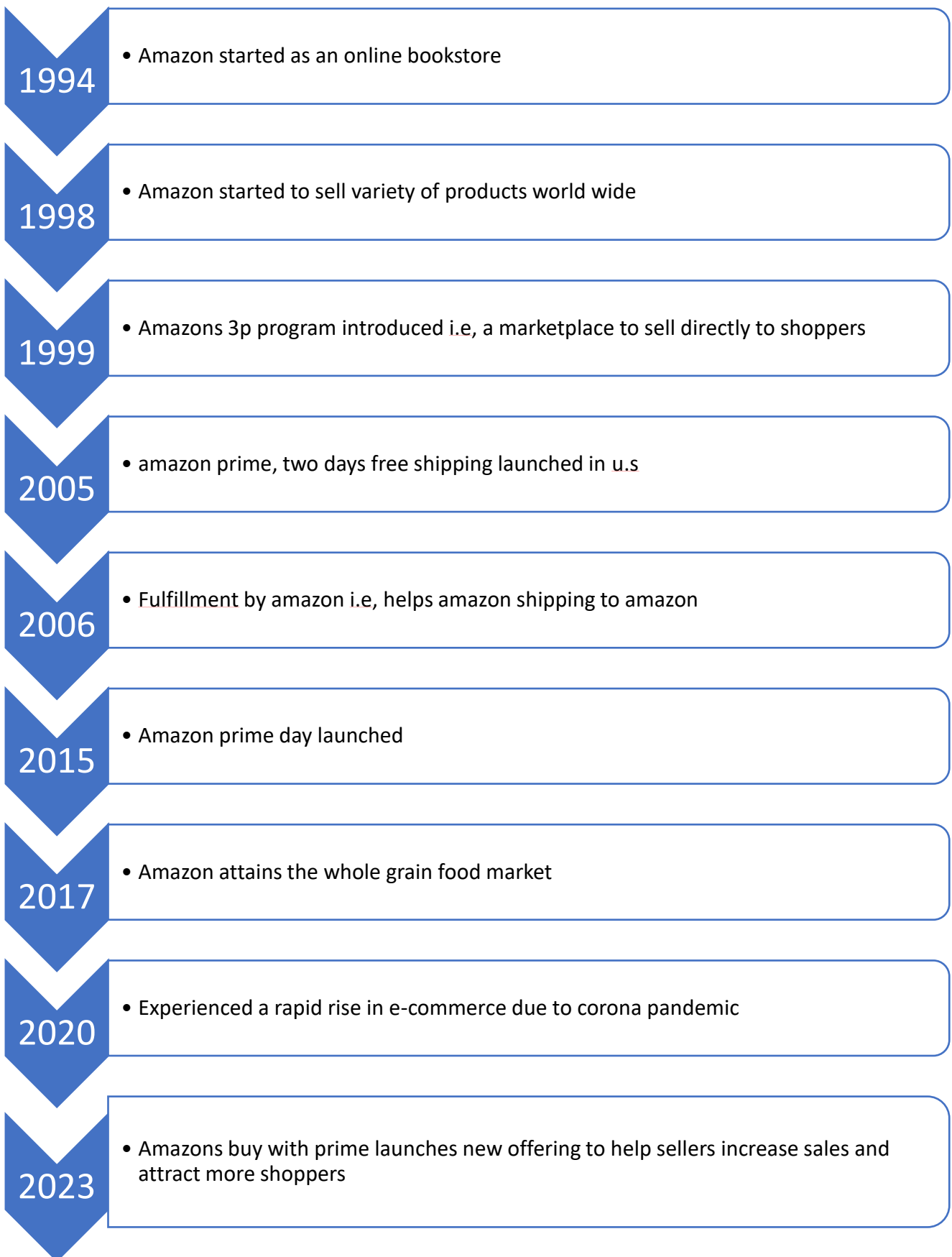
Cash Reserves:

The company holds substantial cash reserves, allowing it to invest in acquisitions, infrastructure, R&D, and new ventures.

Stock Performance:

Amazon's stock (traded under the ticker symbol AMZN) has shown significant growth over the years, with fluctuations influenced by market conditions, earnings reports, and strategic announcements.

TIMELINE OF AMAZON



AMAZON LOGO:

Amazon's logo is a simple yet iconic representation that symbolizes the company's commitment to providing everything from A to Z, a reflection of its expansive range of products and services. The logo features an arrow connecting the letters "A" and "Z" in the word "Amazon," forming a smile-like shape that starts at the "A" and ends at the "Z." This design conveys the message that Amazon offers a wide selection of goods, from the beginning to the end, catering to diverse customer needs and preferences. Additionally, the arrow's shape subtly suggests a sense of forward momentum and customer satisfaction, implying that Amazon is constantly striving to move ahead and fulfill customer expectations. Overall, the logo serves as a clever and memorable visual representation of Amazon's customer-centric philosophy and extensive product offerings.



WAREHOUSE:

Amazon's warehouse network forms the backbone of its global logistical prowess, operating a vast network of fulfillment centers strategically positioned worldwide. These centers are the bustling hubs where products are received, stored, sorted, and shipped with precision and efficiency. Leveraging cutting-edge technology such as robotics and AI, these warehouses optimize processes, enabling swift order fulfillment and seamless logistics. Amazon's commitment to speed and reliability, epitomized by services like Prime's expedited delivery, is made possible by the scale and efficiency of these facilities. Not just hubs for product storage, these centers generate employment opportunities globally, fostering roles in logistics, technology, and operations. Continual investment in innovation and expansion underscores Amazon's dedication to enhancing warehouse operations, a crucial element in meeting the ever-evolving demands of its extensive customer base while navigating logistical challenges and striving for sustainability measures.





1.4 OBJECTIVE OF THE STUDY

- To Assess Amazon's Financial Performance
- To Explore Growth Trends
- To Study Market Performance
- To Assess International Expansion
- To Analyze Research and Development Investments
- To Understand Sustainability and Corporate Social Responsibility Impact

1.5 NEED FOR THE STUDY

- To analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment.
- To assess Amazon's financial health, profitability, and growth prospects.

- The main goal of financial analysis is to measure a company's financial performance over time and against its peers
- Conducting financial analyses fosters transparency, providing stakeholders with a clearer view of the company's operations

1.6 SCOPE OF THE STUDY

- Historical Financial Performance
- Key Financial Ratios
- Technological Investments
- Supply Chain Management
- Sustainability and Social Responsibility

1.7 LIMITATIONS OF THE STUDY

- Investor Decision-making
- Strategic Insights
- Market Understanding
- Consumer Impact
- Innovation and Technology
- Transparency and Accountability

CHAPTER 2

REVIEW OF LITERATURE

2.1 REVIEW OF LITERATUR

Amazon Business and Marketing Strategy: (Parry, 2008) With the Amazon initiative of e-commerce, Amazon took on losses in the late '90s. But Jeff Bezos always knew that would be the case in the short term. Amazon played the long run, in the beginning, they invested heavily on building the brand equity and branding the site. Stating that “This is an investment phase for Amazon.com. We've been straightforward with everybody from the beginning that that's our strategy” Bezos also doubled down on this strategy, suggesting if people don't agree with this approach, then they should not bother investing in Amazon stock. Because that is how Amazon will always approach things, by willing to take risks in their business decision.

Amazon and E-commerce (Kumar, Eidem, & Noriega, 2012) We have established that Amazon is one of the first organizations to start an online retail business. But how does this online business function and operate? A study made by Sameer Kumar, Jessica Eidem, and Diana Noriega looks at how Amazon.com works in terms of technicality. Amazon.com provides a variety of services to customers from music to books to electronics. It acts as an online supermarket and has been accredited as the most reliable service by customers worldwide. Part of Amazon's success is due to its operating system. Amazon has a sorting system where they divide their consumers into 3 categories.

(Kumar, Eidem, & Noriega, 2012) Customer: This group is attended by regular users who are there to shop online. This system allows users to see the available prices, sales, and the expected delivery dates for the products. This option also allows the users to subscribe to Amazon Prime. A prime member will have more frequent discounts and will get the two-day shipping option for free.

customer perception about online shopping with reference to Amazon in India

DA Marathe, G Gawade, Juni Khyat Journal 10 (7), 372-384, 2020) The number of internet users is increasing every day and this increased growth has created

opportunities for global and regional e-commerce. This number is expected to reach 445 million users in 2020.

Amazon (Amazon. com) is the world's largest online retailer. The company was originally a book seller but has expanded to sell a good sort of commodity and digital media also as its own electronic devices; Jeff Bezos incorporated the corporate as Cadabra in 1994 but changed the name to Amazon for the web site launch in 1995. Amazon is headquartered in Seattle, Washington. Amazon operates in India as Amazon India subsidiary.

Amazon Innovations: (Robischon, 2017). Bezos knows that people love Amazon service but realize that people won't stay loyal to Amazon if the service becomes stale. Bezos states that "Our customers are loyal to us right up until the second somebody offers them a better service." Bezos fully recognizes this and believes it encourages the company to stay motivated and be creative in their services to keep the consumers engaged. Products and services like "Alexa" the voice control artificial intelligence. Audible the online bookstore where you can listen to the audio version rather than reading. Twitch the online gaming streaming service. These are just a few of the many services that Amazon provides.

(Pandit & Poojari, 2014) Amazon also innovates in different productions, as they also partake in manufacture. One of the biggest Amazon manufactures is Amazon Prime Air. This massive production is a drone delivery service, it is a work in progress; currently being tested in the United States and the United Kingdom. However, once it's launched, the goal is to operate a GPS to fly packages to the customers' location. No more than 30 minutes after the order has been placed. For now, the product could only carry packages that weigh less than 5 pounds. Only packages that fit in the cargo are applicable. Amazon Prime air includes 86% of products that are being sold on the webpage. The delivery location should be around 10 miles close to Amazon Order Fulfillment Center.

(Hong, Bhattacharyya, & Geis, 2012). Amazon's strategy to become the top service didn't rely only on innovation. A key success to Amazon was its multiple affiliations with different brands. Amazon throughout the years has been known for its Merger and Acquisition activities. IMDB, Souq, Joyo, and Double Helix Games just to name a few. These acquisitions added positively to the company's worth. As

Merger and Acquisition adds a level of synergy and diversification to the products, it breaks a wider audience. Such as the gaming community, Amazon not only bought a gaming company Double Helix Games, but they also acquired Twitch in 2014, the most popular gaming streaming service in the world.

(Edward & Lincoln, 2008) figure (E. Porter, 1980) Charles Edward and Andrew Lincoln from Texas A and. M University created a research that focuses on Amazon's competitive advantage through the Michael Porter Five Analysis. Below is the figure that identifies the forces

(Kumar, Eidem, & Noriega, 2012) Seller Customers: This option allows the user to sell their product through the Amazon website. There is a distribution service for users who are about to sell their products. This group gets revenue for its product in the form of a fixed fee.

(Hines, Holweg, & Rich, 2004). Inventories are products available for sale, primarily accounted on a First-In-First-Out basis and valued at the lower of cost and net realizable value

Amazon's Corporate Profile (Mellahi and Johnson 2000). Amazon is the largest online e-commerce company in the United States, located in Seattle, Washington. It is one of the earliest companies that started to operate e-commerce on the Internet. Amazon was founded in 1994 as an online book sales business, but now it has expanded to a wide range of other products, such as the brick and motor industry online

(Sadq, Nuraddin and Hama, 2018). Highlights of Amazon.com's Management's Discussion and Analysis of their Financial Condition: The primary source of her revenue is through selling a wide range of goods and services to customers. Amazon.Com's strategy to increase sales is by increasing the unit sales across all stores by increasing product selections

(Nielsen 2010), which has given rise to a host of related industries and companies, Amazon is one of these most typical companies. Amazon has built a near-perfect platform-based market, which has become more and more popular in recent years

(Kapoor and Agarwal 2017). However, during the COVID-19 outbreak in 2019, Amazon's business had been hard hit by the COVID-19 pandemic when it was

booming globally. In contrast, Amazon applied a competitively advantageous, low-cost product differentiation strategy to expand their business globally with political and environmental adjustments

(Onyusheva and Seenalasataporn 2018). The world is struggling with the greatest public health emergency of its time, generating economic, social, and human crises

(Guterres 2020). According to WTO's relevant files published in 2020, global trade in goods would be 32 percent lower than before

(Maliszewska et al. 2020). Amazon is no exception; its various businesses have been hit to varying degrees during the COVID-19 pandemic. According to Airports Council International (ACI)'s data, the COVID-19 pandemic has led to a 40% drop in global air traffic, which causes a lot of trouble for Amazon, a company that relies heavily on transportation. Not only the air transportation industry but also a series of links including land transportation, customer pick-up, door-to-door delivery, etc., have been affected by the COVID-19 pandemic response measures

Cabrera-Sánchez et al. (2020) demonstrate that the outbreak of the pandemic may greatly stimulate the development of the freight industry, and the e-commerce industry may become the biggest winner. Furthermore, Amazon has appropriately balanced profit, Corporate Social Responsibilities (CSR), and the implementation of Sustainable Development Goals (SDGs), especially, climate change, environment, carbon emissions, and other natural measures

(Lee 2015). Despite moving upwards and downwards, its founder Jeff Bezos applied three core strategies to revolve customers' demand: the best selection, the lowest prices, and cheap and convenient delivery

(Kim and Youn 2013) Amazon has become the online retailer with the largest variety of goods in the world and the second largest Internet company in the world. Amazon and its vendors provide customers with millions of unique brand-new, refurbished, and second-hand goods, such as books, movies, music and games, digital downloads, electronics and computers, household gardening products, toys, baby products, food, clothing, shoes and jewelry, health and personal care products, sports and outdoor products, automobiles, and industrial products. All these enhancements were possible due to continuously engaging in the innovation and

expansion of Amazons' logistics infrastructure, increasing its efficiency, and reducing the delivery cost

(**Kuckertz et al. 2020**). *COVID-19 and Business Performance*: COVID-19 forces governments to take strict action, and many lockdowns and restrictions in various communities have a negative impact on economic actors

(**Syaifullah et al. 2021**). During the COVID-19 pandemic, as the results of distraction and movement restriction, 64% of companies experienced a shortage of raw materials, about 66% of companies faced the problem of finished-goods delivery, and around 35% of companies sought to diversify their marketing channels and sales into online worldwide ones

(**Pereira et al. 2021**). Likewise, **Wanasida et al. (2021)** In contrast, while COVID-19 occurs, companies' performance and complexity are determined by company size, indebtedness, profitability, internationalization, number of employees, age, and leverage

(**Christian et al. 2021**) explore how organizational performance is influenced by business analysis capabilities, information and innovation quality, and organizational agility during the COVID-19 pandemic. Additionally, while the world is suffering from COVID-19, entrepreneurial orientation and marketing ability affects organizational performance

(**Giantari et al. 2022**). Furthermore, the effect of the COVID-19 pandemic and the competitive business environment has a significant negative influence on a company's financial performance, but such influence could be mitigated by digital marketing. Therefore, re-optimization of digital marketing would be an essential tool to improve business performance during and after the pandemic

Gore et al. (2021) explore that COVID-19 does not have any significant impact on primary students' academic performance in Australia. Likewise, there is no effect on learning performance, whether the session is online or face-to-face teaching in higher education

(**Colby Ronald Chiles, Marguarette Thi Dau Massachusetts Institute of Technology, 2005**) In support of the Supply Chain 2020 Project at MIT, this thesis identifies current best practices in retail industry supply chains, with a specific focus on mass merchandising and Internet retailing. Using a survey of current literature for context and industry expert interviews, this thesis assesses the current state of

the retail industry and analyzes case studies of Wal-Mart and Amazon.com to illustrate retail supply chain best practices. Topics covered in each case study include supply chain strategy and business strategy linkage, operating models, supply chain design, replenishment and distribution processes, and ongoing supply chain improvement initiatives. Wal-Mart and Amazon.com are found to have very different supply chains in terms of structure and processes, based on their different operating models. However, there are many supply chain themes that are common strategies, designs, and processes that clearly support their business strategies. Additionally, these companies tailor processes to fit specific product and demand profiles, collaborate extensively with supply chain partners, invest significantly in information technology, focus on operational efficiency, and leverage scale to facilitate competitive advantage through supply chain management. Based on the common and unique aspects of Wal- Mart and Amazon.com's supply chains, we provide recommendations for the potential transferability of Wal-Mart and Amazon.com practices within the retail industry and to other industries.

(Churi et al. 2022). However, the COVID-19 pandemic has negatively disrupted various retail sector industries such as tourism, telecom, and transportation within the Indian economy

(Alzyadat and Asfoura 2021). Therefore, it is essential to examine the association between COVID-19 and retail companies' financial performance as a deep case study research. This study contributes to the emerging literature through the examination of the impact of COVID-19 on online retail companies' financial performance using a case study of Amazon.

(J. Gregory Dees, Harvard Business Review,1998) “Because they face rising costs, more competition for fewer donations and grants, and increased rivalry from (for-profit companies entering the social sector, many nonprofit organizations are looking for commercial ways to raise more funds. For example, San Francisco's Delaney Street program for addicts has opened a restaurant staffed by clients, which helps pay the bills while providing on-the-job training. There are many such opportunities but also many pitfalls in this approach. Professor J. Gregory Dees of the Harvard Business School offers a framework to help nonprofit leaders figure out when commercial activities will or will not work

(Ahbabi & Nobanee, 2019) Some scholars believe that there is a positive correlation between sustainable business practices with sustainable development and financial management. Financial management plays a role in developing a great deal for the financial growth of a company.

(John M De Figueiredo MIT Sloan Management Review 2000) It is argued that to sustain a competitive advantage, Web retailers must align their strategies with the product characteristics and buying practices of customers in their market segment. The dot-com retail market is divided into 4 segments on the basis of the type of good sold, and the strategies needed to succeed in each segment are examined.

Patterns of disruption in retailing (Clayton M Christensen, Richard S Tedlow 2000) The entire retailing industry is in an acute state of uncertainty. Within every company, at every trade association meeting, in every product category, electronic commerce and its implications dominate the conversation. Fearful of missing an epochal opportunity, investors and executives are rushing to place huge bets on Internet retailing, at what appear to be very high odds. But despite all the talk and frenzied activity, the future of retailing remains decidedly cloudy.

It would be foolish to try to predict which companies' Internet strategies will prove profitable in the end. Yet it seems clear that electronic commerce will, on a broad level, change the basis of competitive advantage in retailing. The industry has, of course, undergone transformations in the past. By examining those transformations and identifying patterns in the way they unfolded, we can discover clues about how retailing is likely to evolve in the Internet era.

(Kent B Monroe, Jennifer L Cox, Journal of Product & Brand Management 2002) Conventional theories suggest that the Internet will drive down prices and lead to perfectly competitive prices. However, there is contradictory evidence indicating that online prices are not absolutely lower than offline stores. Regardless, the Internet gives rise to many opportunities for leveraging pricing strategies, in research and testing capabilities, customer segmentation, dynamic pricing, product differentiation, developing brand loyalty, including shipping and handling in the profitability analysis, offering multiple versions, and creating or participating in electronic marketplaces. The trading platform of eBay, Priceline's reverse auction,

and price comparison Web sites are examples of novel Internet pricing models that are helping create a new pricing paradigm.

(Reza Mousavi, Bidyut Hazarika, Kuanchin Chen, Muhammad Razi Journal of Information & Knowledge Management 2021) The effect of online q&as and product reviews on product performance metrics: Amazon Online reviews have received an overwhelming interest in the recent decades. Comparatively speaking, the online product questions and answers (Q&As) have received less attention than online reviews, despite that they both affect the image and the value of a project. Although online reviews and Q&As are both forms of user generated knowledge on online communities, they may affect customers decision making differently. Furthermore, Q&As are very useful for pre-purchase information-searching and comparison shopping, especially when online product reviews either do not provide the needed answer or getting the desired information requires additional “cost” (i.e. time and effort) to sort out. Our findings show that Q&A traits had a varying effect on the product performance. We also found that review helpfulness is another important factor that affects product sale and popularity on e-commerce sites. The present study adds to existing electronic word-of-mouth (eWOM) and product review literature.

(Al Nuaimi and Nobanee, 2019) reaffirms the idea of how corporate disclosure of their sustainable business practices improves the financial growth of a company. The research explains how an organization can have a sustainable approach in their operations, and how sustainability can add value to the organization

(Rashri Baboolal-Frank Allied Business Academies, 2021 Analysis of amazon: Customer centric approach) The study unpacks the different strategies of strategic marketing in an organization from internal to external marketing. The hypothesis of this research is that the external approach with regards to focusing on the customer’s needs and wants, and applying it to the organization of Amazon is mutually beneficial and is a successful strategy for the business continuity and escalated profit margins of Amazon. The vision and mission of Amazon, shows that Jeff Bezos focuses on customer satisfaction in order to improve and expand the business, in an innovative manner, that is an unorthodox co-petition strategy. The research exposes that by applying the SWOT Analysis to the marketing strategy of

Amazon, it illustrates the holistic overview of both the successes and weaknesses of the company, and that overall Amazon is in a stable and lucrative position as an organization by adopting a customer centric positional strategy for success of their organization. Furthermore, the 3P's illustrates that Amazon employs both internal and external marketing strategies..

(Don Tapscott, David Ticoll, Alex Lowy Ubiquity 2000 May) Internetworked human capital raises challenges and opportunities for all businesses. Human capital now extends beyond the firm; people resemble molecules moving across the firm's porous membrane in ever-changing configurations. Companies need internetworked human resource management. Managers should define and communicate an explicit b-web culture to guide the deployment of human capital. While every b-web is unique, patterns and guidelines are emerging for fostering a high-performance b-web culture. " Our people are our greatest asset." When Amazon. com CEO Jeff Bezos makes this statement, then to whom is he referring? Certainly his management team, the professionals maintaining the company's Web site, and its administration and distribution staff are great assets. But in Amazon. com's book business alone, the human capital base includes innumerable others:

The market for fake reviews Marketing Science2022 (Sherry He, Brett Hollenbeck, Davide Proserpio) We study the market for fake product reviews on Amazon.com. Reviews are purchased in large private groups on Facebook and other sites. We hand-collect data on these markets and then collect a panel of data on these products' ratings and reviews on Amazon, as well as their sales rank, advertising, and pricing policies. We find that a wide array of products purchase fake reviews, including products with many reviews and high average ratings. Buying fake reviews on Facebook is associated with a significant but short-term increase in average rating and number of reviews. We exploit a sharp but temporary policy shift by Amazon to show that rating manipulation has a large causal effect on sales. Finally, we examine whether rating manipulation harms consumers or whether it is mainly used by high-quality products in a manner like advertising or by new products trying to solve the cold-start problem. We find that after firms stop buying fake reviews, their average ratings fall and the share of one-star reviews increases significantly, particularly for young products, indicating rating manipulation is mostly used by low-quality products.

Analysis of Amazon: Customer-centric approach (Rashri Baboolal-Frank Allied Business Academies, 2021) The study unpacks the different strategies of strategic marketing in an organization from internal to external marketing. The hypothesis of this research is that the external approach with regards to focusing on the customer's needs and wants, and applying it to the organization of Amazon is mutually beneficial and is a successful strategy for the business continuity and escalated profit margins of Amazon. The vision and mission of Amazon, shows that Jeff Bezos focuses on customer satisfaction in order to improve and expand the business, in an innovative manner, that is an unorthodox co-petition strategy. The research exposes that by applying the SWOT Analysis to the marketing strategy of Amazon, it illustrates the holistic overview of both the successes and weaknesses of the company, and that overall Amazon is in a stable and lucrative position as an organization by adopting a customer centric positional strategy for success of their organization. Furthermore, the 3P's illustrates that Amazon employs both internal and external marketing strategies

(Philip Evans, Thomas S Wurster, Harvard Business Review 77, 84-98, 1999) WORK BY KEN McMILLAN In its first generation, electronic commerce has been a landgrab. Retail space on the Internet was claimed by whoever got there first with enough resources to create a credible business. It took speed, a willingness to experiment, and a lot of cybersavvy. Companies that had performed brilliantly in traditional settings seemed totally lost. Indeed, there isn't a major e-retail category in which a bricks-and-mortar retailer has leading market share. Even Wal-Mart, that master of information technology, has so far proven hopelessly flat

Financial Analysis of Amazon (Mohamed Bader Al-Marzooqi, Haitham Nobanee, 2020) In this project; we will cover up many of Amazon's development. Their beginning, Jeff Bezos purpose to transition Amazon into an online business. The successful business and marketing strategy, how Amazon continues to evolve and innovate with new products and services. We will look at Amazon's financial statement and the ratio analysis, how well Amazon is performing year by year. This report will evaluate how much progress and recession Amazon made from 2016 to 2019.

(Sandeep Krishnamurthy 2004) In many ways, Amazon. com is perhaps the company that is most closely tied with the E-Commerce phenomenon. The purpose of this case is to present a balanced and up-to-date business history of the company.

(Kotha 1998). Initially, the firm's revenues doubled in size every 4 months, and revenues for the first year of operations were USD 5 million. (These revenues are comparable to a large Barnes and Noble superstore.) By August 1996, book sales were growing at 34% a month. During this time, the firm was able to attract USD 8 million from Kleiner, Perkins, Caufield and Byers, a venture-capital firm based in Silicon Valley that has funded well-known firms such as Sun Microsystems and Netscape. Through 31 December 1996, Amazon had sales of more than USD 16 million to approximately 180,000 customer accounts in over 100 countries. On 24 March 1997, the firm filed an S1 (the registration statement) application with the SEC, and a few weeks later, it went public. Sales for the six months ending in June 1997 were USD 43 million

(Rashri Baboolal-Frank Allied Business Academies, 2021) The study unpacks the different strategies of strategic marketing in an organization from internal to external marketing. The hypothesis of this research is that the external approach with regards to focusing on the customer's needs and wants, and applying it to the organization of Amazon is mutually beneficial and is a successful strategy for the business continuity and escalated profit margins of Amazon. The vision and mission of Amazon, shows that Jeff Bezos focuses on customer satisfaction in order to improve and expand the business, in an innovative manner, that is an unorthodox co-petition strategy. The research exposes that by applying the SWOT Analysis to the marketing strategy of Amazon, it illustrates the holistic overview of both the successes and weaknesses of the company, and that overall Amazon is in a stable and lucrative position as an organization by adopting a customer centric positional strategy for success of their organization. Furthermore, the 3P's illustrates that Amazon employs both internal and external marketing strategies.

Taking the measure of digital giants: Amazon and the Social Welfare Computing research agenda (Frantz Rowe, M Lynne Markus 2022) How can and should the IS field best contribute to the Social Welfare Computing research agenda, which seeks to assess unintended consequences and propose better solutions related to the potential harms of digital business practices? In this

discussion paper, we take Amazon.com, Inc. as an instance of a giant digital company and examine it structurally as a sociotechnical actor engaging in a broad range of digital features and business practices. The picture that emerges from this analysis (a company engaging in systematically unfair competitive behavior) is quite different from one derived from the IS literature about Amazon as a company (a technologically savvy and strategically successful player). This analysis is provisional and deserves to be reproduced, possibly by reassembling the IS literature on such topics as electronic marketplaces, recommender systems, and online reviews, into a specific profile for each of the digital giants. Regardless, the analysis in this paper suggests the possibility of blindspots in traditional IS research on digital business activities, and it offers some suggestions for future research on the Social Welfare Computing research agenda. In particular, IS scholarship should emphasize corporate actors in addition to isolated technology features and business practices.

Cases on Digital Strategies and Management Issues in Modern Organizations, 23-50, (Anna Tarabasz 2022) Gaining competitive advantage requires a detailed benchmark of performance against other market players, and profound gap analysis in comparison to the best practice applies to the audit of the digital presence (online footprint analysis), which, based on scripting codes, is done easily on its premises. SEO software and social media listening tools allow for a comprehensive understanding of the digital performance of the company. Unfortunately, some businesses underestimate the potential dormant in different types of live analytics and performance trackers and being unaware of the analysis capacity to be performed on competitors and market leaders completely off cost. The case presents a study of a digital footprint template analysis performed for Amazon in the United Arab Emirates and shows the comparison with local and global market players like Noon. com, eBay, or Alibaba using software like SEMrush, SimilarWeb, and Brand24 to showcase how to leverage on gathered insights and gain competitive advantage.

An Integrated Approach for Amazon Product Reviews Classification Using Sentiment Analysis (Deepika Kumar, Ritik Aggarwal, Siddhant Raghuvanshi, Shourya Chand

International Journal of Computer Applications & Information Technology 12 (2), 317-324, 2020) Sentiment Analysis plays a huge role in business analytics and situations in which text needs to be analyzed. It is used in anticipating market progression based on different news, online blogs and social media opinions. Essential part of information-gathering for market research is to find the opinion of people about the product. Many business enterprises are utilizing these opinions to perform better in the market. In this paper, the analysis is done on the Amazon product's reviews dataset. The data is organized through preprocessing and after cleaning through various techniques, some useful features are selected and sentiment analysis is done to generate a sentiment polarity. Various different learning techniques like Naïve Bayes, Linear Support Vector Machine and Logistic Regression classifiers are applied on the preprocessed data and comparison analysis is done to find the best classifier fit for the reviews data through the detailed analysis and generation of the Receiver operator characteristics curve and the comparison analysis through AUC value of different classifiers testing the precision or the accuracy. A term-doc incidence matrix is built using term frequency and inverse document frequency ponderation. The results obtained from the integrated approach of combining the sentiment polarity with the ratings to recommend a particular Amazon product proves invaluable for both the customer and seller.

(Colby Ronald Chiles, Marguarette Thi Dau Massachusetts Institute of Technology, 2005) In support of the Supply Chain 2020 Project at MIT, this thesis identifies current best practices in retail industry supply chains, with a specific focus on mass merchandising and Internet retailing. Using a survey of current literature for context and industry expert interviews, this thesis assesses the current state of the retail industry and analyzes case studies of Wal-Mart and Amazon.com to illustrate retail supply chain best practices. Topics covered in each case study include supply chain strategy and business strategy linkage, operating models, supply chain design, replenishment and distribution processes, and ongoing supply chain improvement initiatives. Wal-Mart and Amazon.com are found to have very different supply chains in terms of structure and processes, based on their different operating models. However, there are many supply chain themes that are common among the two companies. Both case study companies have supply chain strategies, designs, and processes that clearly support their business strategies.

Additionally, these companies tailor processes to fit specific product and demand profiles, collaborate extensively with supply chain partners, invest significantly in information technology, focus on operational efficiency, and leverage scale to facilitate competitive advantage through supply chain management. Based on the common and unique aspects of Wal-Mart and Amazon.com's supply chains, we provide recommendations for the potential transferability of Wal-Mart and Amazon.com practices within the retail industry and to other industries

Analyzing the Amazon success strategies (Zana Majed Sadq, Hawre Nuraddin Sabir, Vian Sulaiman Hama Saeed 2018)

This paper aims to present the Amazon success strategies. Since the objective of the Company is to become the best place to buy, find and discover any product or service available online. Amazon. com will continue to enhance and broaden its brand, customer base and electronic commerce expertise with the goal of creating customers' preferred online shopping destination, in the United States and around the world.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 METHODOLOGY:

This project adopted the Research Design to analyze and evaluate the business and financial performance of Amazon.Com, for the last five years using ratio analysis. The financial ratios applied were the profitability, liquidity, solvency, and efficiency ratios. Furthermore, the research project analyses the internal circumstances of Amazon.Com via the SWOT analysis tool, to understand the Strengths, Weaknesses, Opportunities, and Threats to Amazon.Com. Then conclusions were provided along with recommendations. The analysis was facilitated with charts and spreadsheets. Sources of Information To extend existing research on the financial performance of Amazon.com, data were sourced from publicly available sources, mainly the annual reports of Amazon.Com for the preceding years, peer-reviewed journals, and reliable web sources. This is considered an authentic source of data as only audited financial statements were utilized in the analysis.

3.2 RESEARCH DESIGN:

Research design is a specification of methods and procedures for acquiring the information needed to structure or to solve problems.

Research design is defined as, “the arrangement of conditions for collection and analysis of the data in a manner that aims to combine relevant to the research purpose with economy in procedure”

Analytical research technique was adopted in this project. The researcher used an analytical type of research to analyze the past data based on which certain future decisions can be made.

3.3 SOURCES OF DATA:

SECONDARY DATA:

The data which have already been collected and which have already been passed through the statistical process. Most of the data used for the study is secondary in

nature. The data has been collected from Yahoo Finance and has been collected as,

- Annual Report of the company
- Financial statements

3.4 ANNUAL REPORT:

It provides all the information about the company for the accounting period. This enables us to understand the existing performance of the company.

3.5 PERIOD OF STUDY:

The period of the study taken by the researcher for the data collection and analysis of AMAZON is carried out for 3 months. The data used are of last two years from 2019 – 2022

3.6 TOOLS USED:

- Current ratio
- Cash position ratio
- Absolute liquid ratio
- Fixed asset ratio
- Capital turnover ratio
- Working capital ratio
- Expenses ratio
- Net profit ratio
- Debtors turnover ratio
- Debtors collections period

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

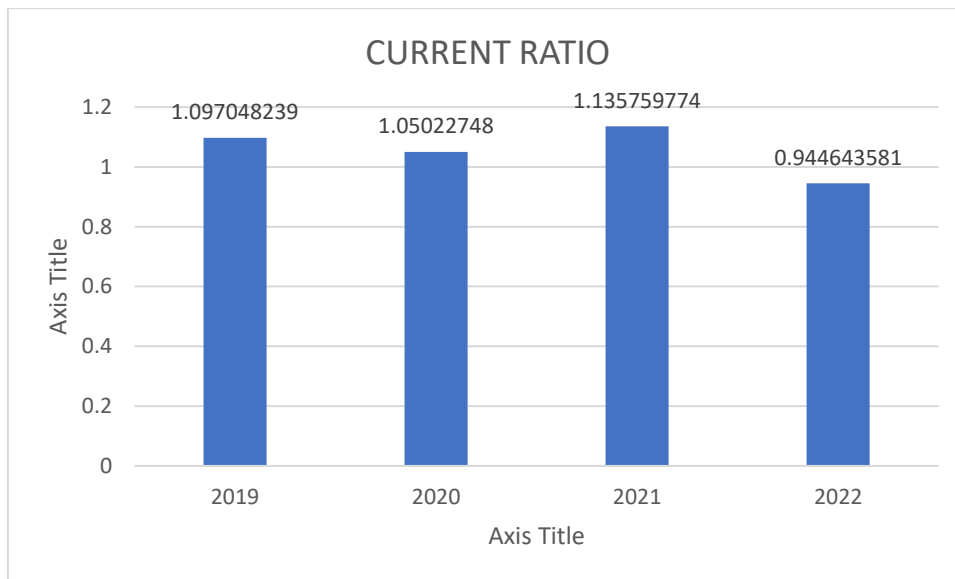
4.1.1 CURRENT RATIO:

The Current Ratio, a fundamental measure of liquidity, gauges a company's ability to cover short-term liabilities with its current assets. It is computed by dividing current assets by current liabilities. A ratio exceeding 1 signifies that a company possesses more current assets than liabilities due within a year, suggesting potential liquidity strength. However, an excessively high ratio might indicate inefficiency in asset utilization. Conversely, a ratio below 1 could imply potential difficulty in meeting short-term obligations. Contextualizing the Current Ratio within industry standards is crucial, as acceptable ratios vary across sectors and over time, reflecting the company's short-term financial health and management of working capital.

FORMULA:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

S.NO	YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
1	2019	9,63,34,000	8,78,12,000	1.097048239
2	2020	13,27,33,000	12,63,85,000	1.05022748
3	2021	16,15,80,000	14,22,66,000	1.135759774
4	2022	14,67,91,000	15,53,93,000	0.944643581



INTERPRETATION:

The company's current ratio, a measure of its short-term liquidity, fluctuated over the four years analyzed. Starting at approximately 1.10 in the first year, it displayed a slight decline to around 1.05 in the second year, indicating a tighter balance between current assets and liabilities. However, there was an improvement to about 1.14 in the third year, suggesting an enhanced ability to cover short-term obligations. Yet, in the fourth year, the ratio dropped below 1 to approximately 0.94, signaling a potential challenge in meeting immediate liabilities solely from current assets. These variations in the current ratio highlight the company's evolving capacity to address short-term debts and the importance of monitoring liquidity trends for financial health assessment.

4.1.2 CASH POSITION RATIO:

The Cash Position Ratio, a stringent measure of liquidity, assesses a company's capacity to cover short-term liabilities using only its most liquid assets—cash and cash equivalents. Calculated by dividing cash and cash equivalents by current liabilities, this ratio emphasizes a company's ability to swiftly meet immediate financial obligations. A higher Cash Position Ratio signals a stronger ability to fulfill short-term liabilities solely through available cash reserves, indicating robust liquidity. Contrastingly, a lower ratio implies a greater reliance on non-cash assets

to settle short-term debts. This metric offers a precise snapshot of a company's immediate financial resilience but warrants consideration within the context of industry benchmarks and operational necessities.

Formula:

$$\text{Cash position ratio} = \frac{\text{Cash and bank balance + marketable securities}}{\text{Current Liabilities}}$$

S.NO	YEAR	Cash, Cash Equivalents & Short Term Investments	CURRENT LIABILITIES	CASH POSITION RATIO
1	2019	3,60,92,000	8,78,12,000	0.41101444
2	2020	4,21,22,000	12,63,85,000	0.333283222
3	2021	3,62,20,000	14,22,66,000	0.254593508
4	2022	5,38,88,000	15,53,93,000	0.346785248



INTERPRETATION:

The given cash position ratios for four years depict a fluctuating trend. Starting at approximately 0.41, the company had a relatively moderate cash position compared to its current liabilities. However, there was a notable decline in the second and third years, reaching around 0.33 and 0.25, respectively, signaling a decrease in the ability to cover short-term obligations solely from available cash. The ratio increased in the fourth year to about 0.35, displaying a slight improvement but still indicating a limited ability to meet immediate liabilities through cash reserves alone. These ratios suggest a potential challenge in relying solely on cash to cover short-term obligations, underscoring the importance of managing cash flow to ensure liquidity and meet operational needs.

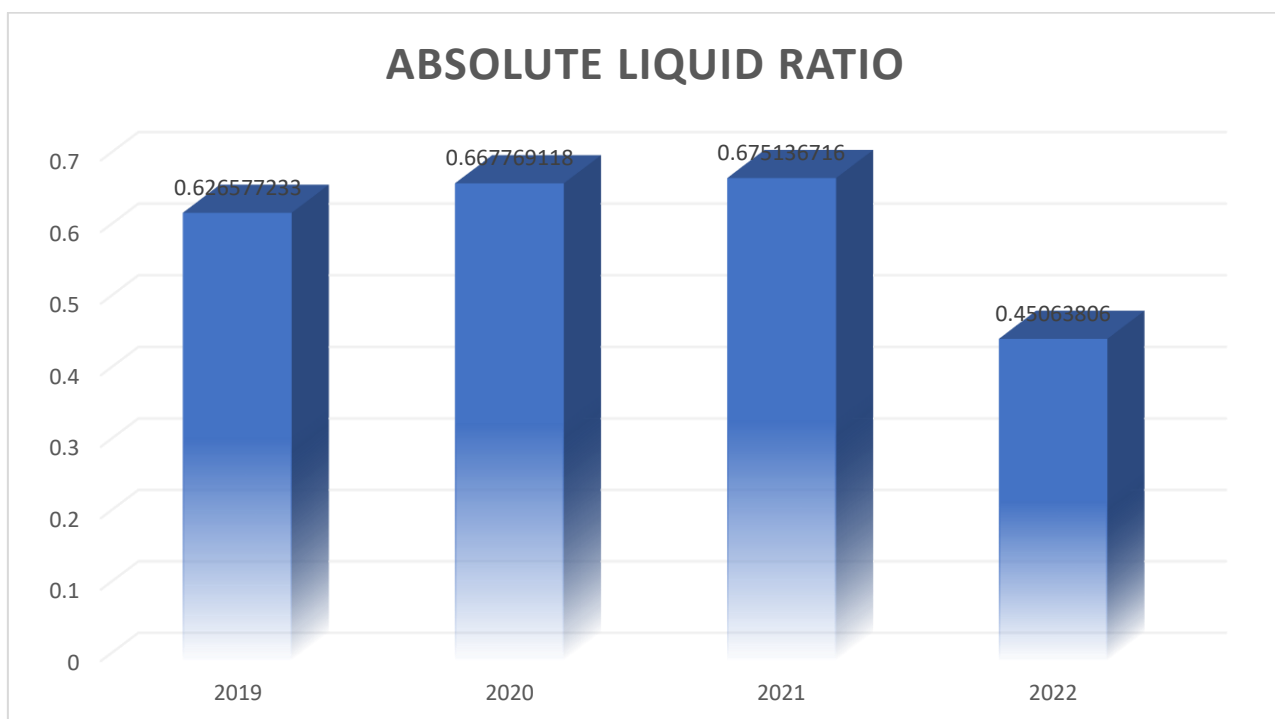
4.1.3 ABSOLUTE LIQUID RATIO:

The Absolute Liquid Ratio evaluates a company's immediate ability to settle short-term debts using its most liquid assets—cash, cash equivalents, and marketable securities. By comparing these highly liquid assets to current liabilities, this ratio offers a stringent view of a company's readiness to cover immediate financial obligations. A higher Absolute Liquid Ratio indicates a stronger capacity to meet short-term liabilities solely through these liquid resources, while a lower ratio may suggest a higher reliance on less liquid assets for short-term debt coverage. Interpreting this ratio necessitates consideration of industry standards and the company's unique financial context.

Formula:

$$\text{ABSOLUTE LIQUID RATIO} = \frac{\text{ABSOLUTE LIQUID ASSET}}{\text{CURRENT LIABILITIES}}$$

S.NO	YEAR	Cash and Cash Equivalents + Short Term Investments	Current Liabilities	ABSOLUTE LIQUID RATIO
1	2019	5,50,21,000	8,78,12,000	0.626577233
2	2020	8,43,96,000	12,63,85,000	0.667769118
3	2021	9,60,49,000	14,22,66,000	0.675136716
4	2022	7,00,26,000	15,53,93,000	0.45063806



INTERPRETATION:

The absolute liquidity ratio measures a company's ability to cover short-term liabilities using only its most liquid assets (excluding receivables). Over the four years provided, the ratio fluctuated, starting around 0.63, and gradually increasing to about 0.67, indicating improved capacity to meet immediate obligations. However,

it notably dropped to approximately 0.45 in the fourth year, suggesting a reduced ability to cover short-term liabilities solely with highly liquid assets.

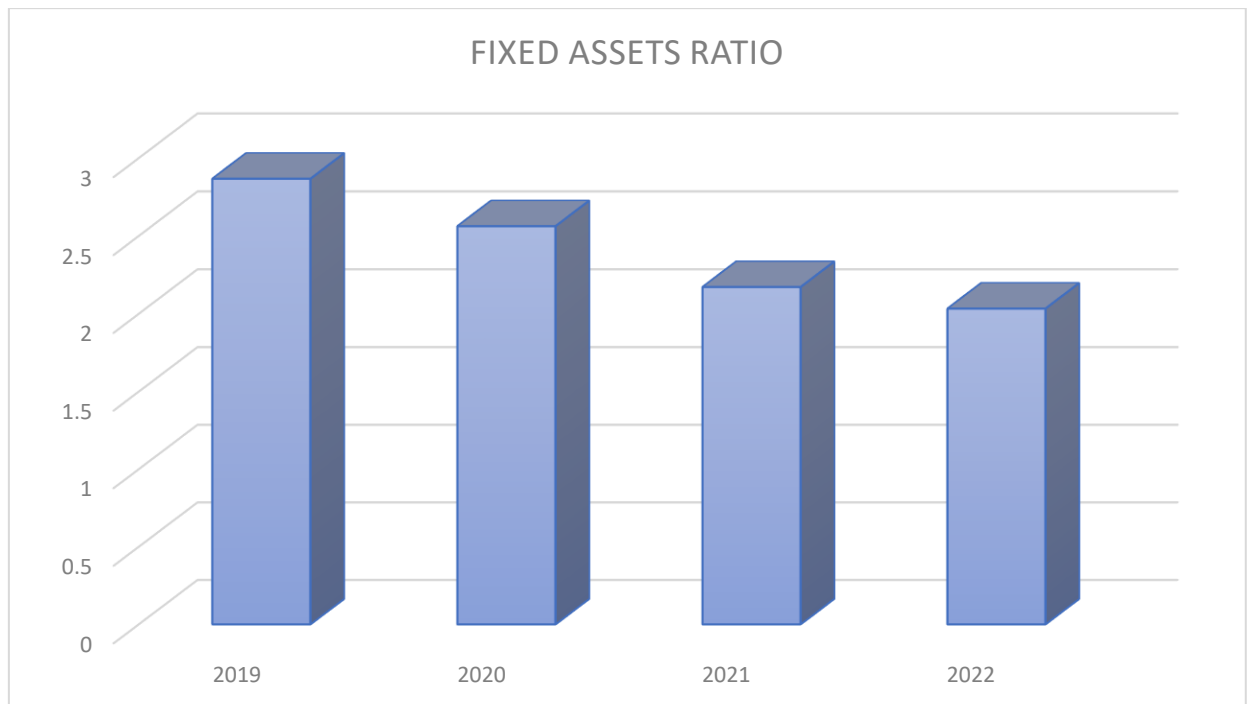
4.1.4 FIXED ASSET RATIO:

The Fixed Asset Ratio offers a glimpse into a company's allocation of long-term assets with its total asset base. By comparing fixed assets, such as property and equipment, to total assets, this ratio sheds light on the proportion of resources invested in long-term endeavors. A higher Fixed Asset Ratio signifies a substantial commitment to long-term investments, reflecting stability but potentially limiting short-term flexibility. Conversely, a lower ratio suggests a larger portion of assets in more liquid forms, offering greater maneuverability in the short term but possibly impacting long-term growth. Contextualizing this ratio requires consideration of industry benchmarks and the company's strategic balance between stability and flexibility.

Formula:

$$\text{FIXED ASSE RATIO} = \frac{\text{FIXED ASSET}}{\text{LONG TERM FUND}}$$

S.NO	YEAR	Total Revenue	FIXED ASSETS	FIXED ASSETS RATIO
1	2019	28,05,22,000	9,78,46,000	2.866974634
2	2020	38,60,64,000	15,06,67,000	2.562366012
3	2021	46,98,22,000	21,63,63,000	2.171452605
4	2022	51,39,83,000	25,28,38,000	2.03285503



INTERPRETATION:

The fixed asset ratio, represented by the given figures, demonstrates the proportion of fixed assets concerning total assets. Over the specified years, the ratio displayed a declining trend, starting at approximately 2.87 and gradually decreasing to about 2.03. This indicates a diminishing portion of fixed assets concerning the total asset base

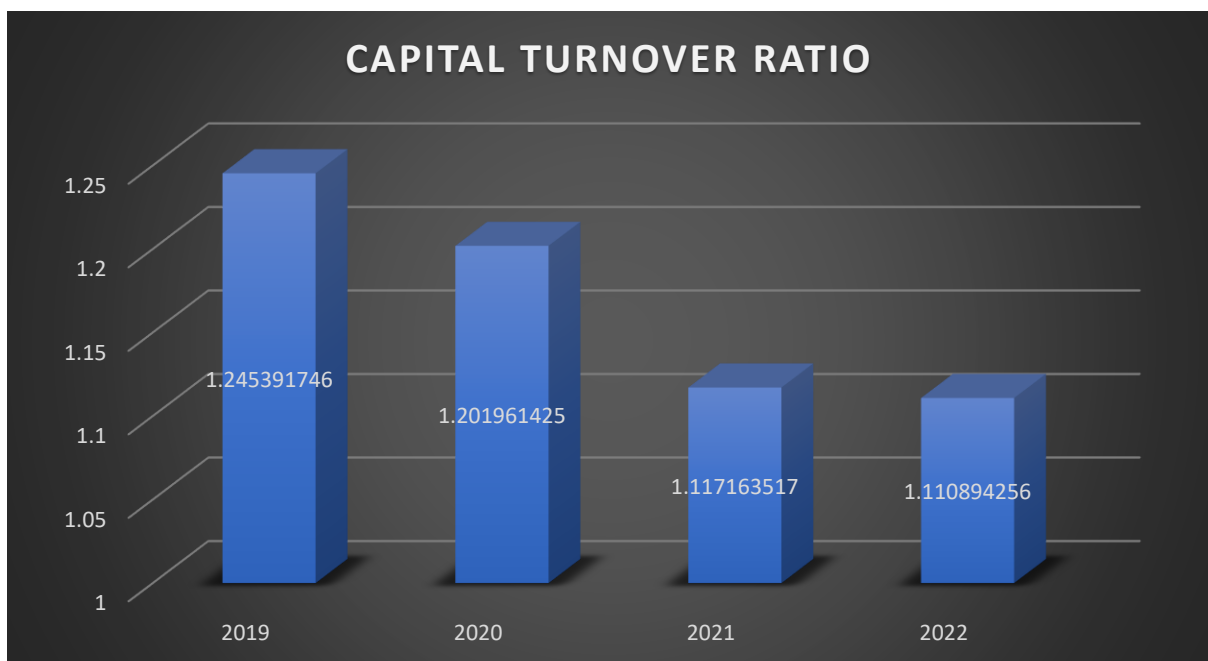
4.1.5 CAPITAL TURNOVER RATIO:

The Capital Turnover Ratio measures a company's efficiency in generating revenue in relation to its total capital employed. It's calculated by dividing net sales by the average total assets or equity. This ratio signifies how effectively a company utilizes its capital to generate sales. A higher Capital Turnover Ratio indicates efficient utilization of capital in revenue generation, while a lower ratio might suggest underutilization or inefficiencies in deploying capital. Interpreting this ratio necessitates considering industry benchmarks and the company's specific strategies in managing its capital for revenue generation.

Formula:

$$\text{CAPITAL TURNOVER RATIO} = \frac{\text{COST OF SALES}}{\text{CAPITAL EMPLOYED}}$$

S.NO	YEAR	Total Revenue	Total Assets	CAPITAL TURNOVER RATIO
1	2019	28,05,22,000	22,52,48,000	1.245391746
2	2020	38,60,64,000	32,11,95,000	1.201961425
3	2021	46,98,22,000	42,05,49,000	1.117163517
4	2022	51,39,83,000	46,26,75,000	1.110894256

**INTERPRETATION:**

The capital turnover ratio reflects the efficiency of a company in generating revenue relative to its capital employed. Across the provided years, the ratio exhibited a declining trend, starting at around 1.25 and gradually reducing to approximately 1.11. This signifies a diminishing ability to generate revenue concerning the capital invested in the business over the specified period.

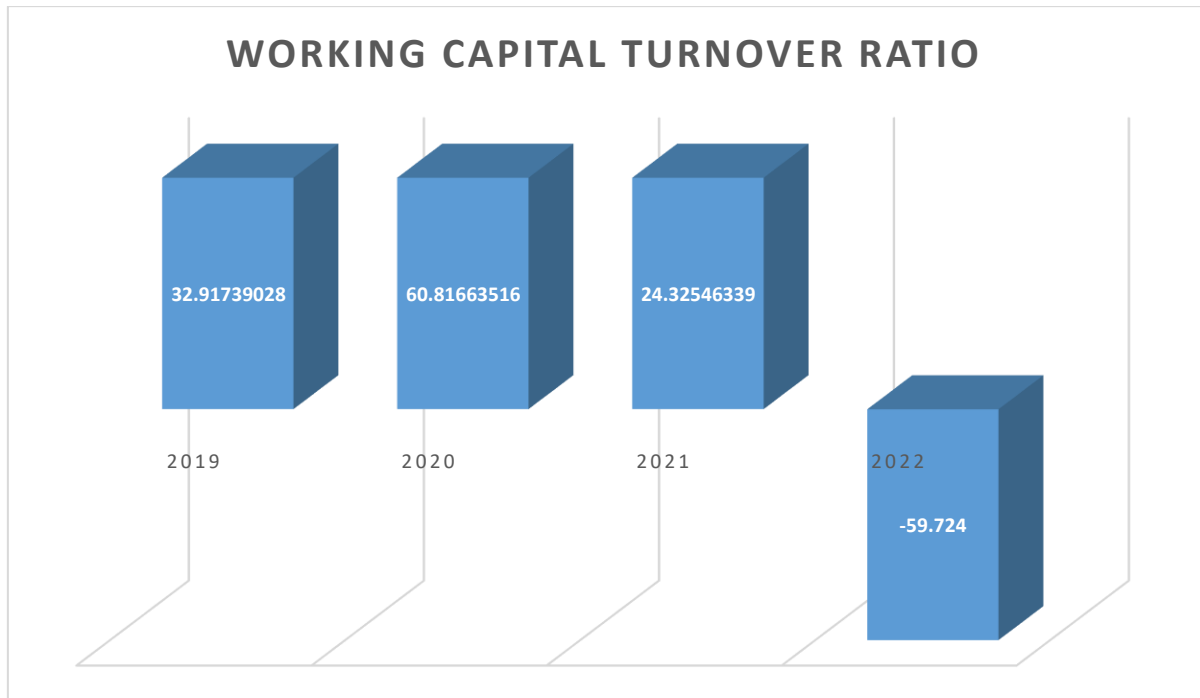
4.1.6 WORKING CAPITAL TURNOVER RATIO:

The Working Capital Turnover Ratio evaluates a company's ability to utilize its working capital to generate sales revenue. Calculated by dividing net sales by the average working capital, this ratio showcases how efficiently a company converts its working capital into sales. A higher Working Capital Turnover Ratio signifies more efficient utilization of working capital in generating revenue, while a lower ratio may indicate less effective use or potentially excessive investment in working capital. Contextualizing this ratio within industry standards and understanding the company's operational efficiency is crucial for a comprehensive assessment of its financial performance.

Formula:

$$\text{Working capital turnover ratio} = \frac{\text{Sales}}{\text{Net working capital}}$$

S.NO	YEAR	Total Revenue	Working Capital	WORKING CAPITAL TURNOVER RATIO
1	2019	28,05,22,000	85,22,000	32.91739028
2	2020	38,60,64,000	63,48,000	60.81663516
3	2021	46,98,22,000	1,93,14,000	24.32546339
4	2022	51,39,83,000	-8,602,000	-59.724



INTERPRETATION:

The working capital turnover ratio fluctuated significantly over time. Starting high at around 32.92, it surged to about 60.82, signaling improved efficiency in using working capital to generate sales. However, it dropped notably to 24.33 and then turned negative at -59.72, indicating a reversal or potential inefficiencies in utilizing working capital for generating sales.

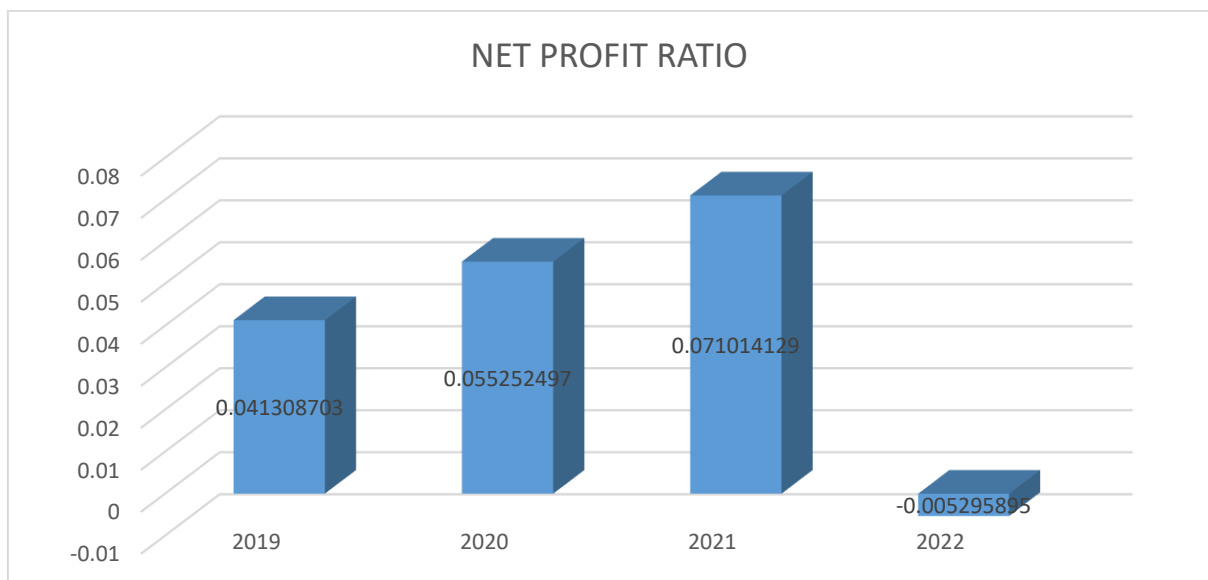
4.1.7 NET PROFIT RATIO:

The Net Profit Ratio, also known as the Net Profit Margin, quantifies a company's profitability by expressing net profit as a percentage of total revenue. Calculated by dividing net profit by total revenue and multiplied by 100, this ratio illustrates the portion of revenue converted into profit after accounting for all expenses and taxes. A higher Net Profit Ratio indicates efficient cost management and robust revenue generation, while a lower ratio may suggest lower profitability due to higher expenses. Analyzing this ratio in conjunction with industry benchmarks provides valuable insights into a company's profitability and its ability to translate revenue into net profit.

Formula:

$$\text{NET PROFIT RATIO} = \frac{\text{NET PROFIT AFTER TAX}}{\text{NET SALES}} * 100$$

S.NO	YEAR	Net Income	Total Revenue	NET PROFIT RATIO
1	2019	1,15,88,000	28,05,22,000	0.041308703
2	2020	2,13,31,000	38,60,64,000	0.055252497
3	2021	3,33,64,000	46,98,22,000	0.071014129
4	2022	-27,22,000	51,39,83,000	-0.005295895

**INTERPRETATION:**

The net profit ratio varied notably. It began at around 0.04, increased to about 0.07, indicating improved profitability, but then turned negative at approximately -0.01,

suggesting potential financial challenges or reduced profitability relative to total revenue.

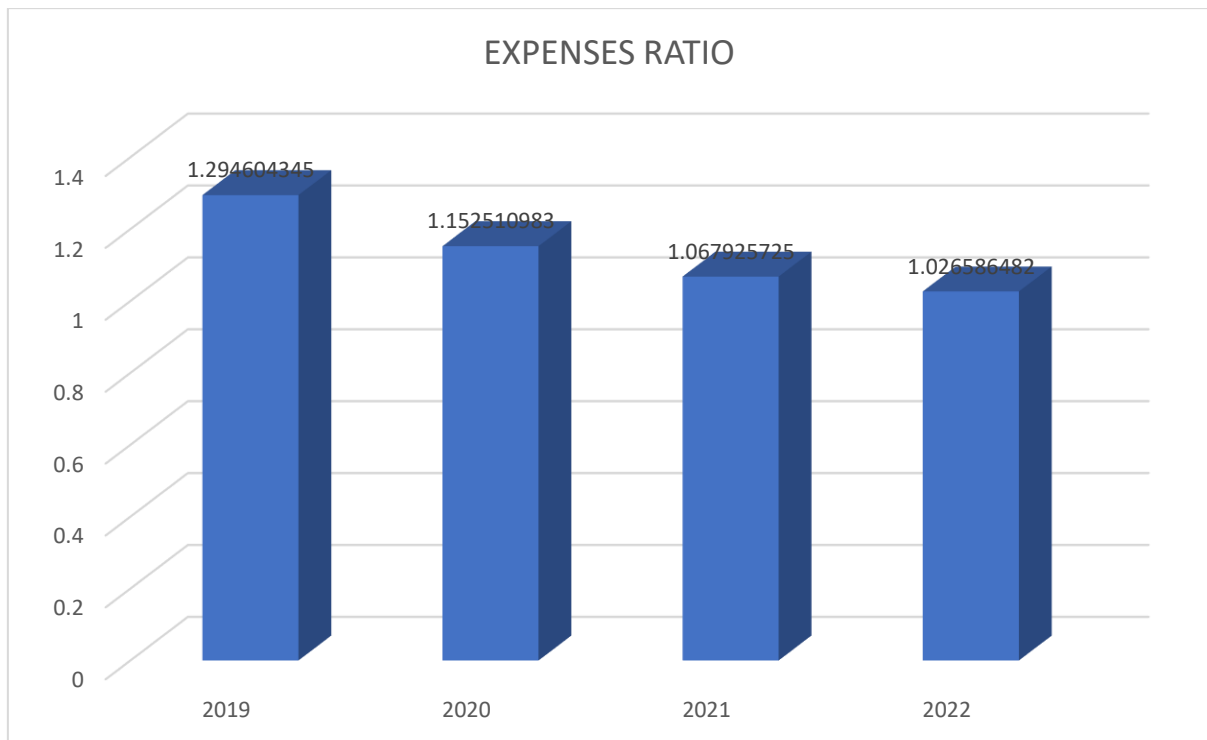
4.1.8 EXPENSES RATIO:

The Expenses Ratio measures the proportion of a company's expenses in relation to its total revenue. Calculated by dividing total expenses by total revenue and multiplied by 100, this ratio offers insights into the efficiency of cost management within a business. A lower Expenses Ratio signifies better control over costs relative to revenue, indicating potentially higher profitability. Conversely, a higher ratio suggests a larger portion of revenue being consumed by expenses, which might impact overall profitability. Understanding this ratio within the context of industry benchmarks aids in assessing a company's expense management and its impact on financial performance.

Formula:

$$\text{EXPENSES RATIO} = \frac{\text{ADMINISTRATION EXPENSES}}{\text{NET SALES}} * 100$$

S.NO	YEAR	Total Expenses	Total Revenue	EXPENSES RATIO
1	2019	36,31,65,000	28,05,22,000	1.294604345
2	2020	44,49,43,000	38,60,64,000	1.152510983
3	2021	50,17,35,000	46,98,22,000	1.067925725
4	2022	52,76,48,000	51,39,83,000	1.026586482



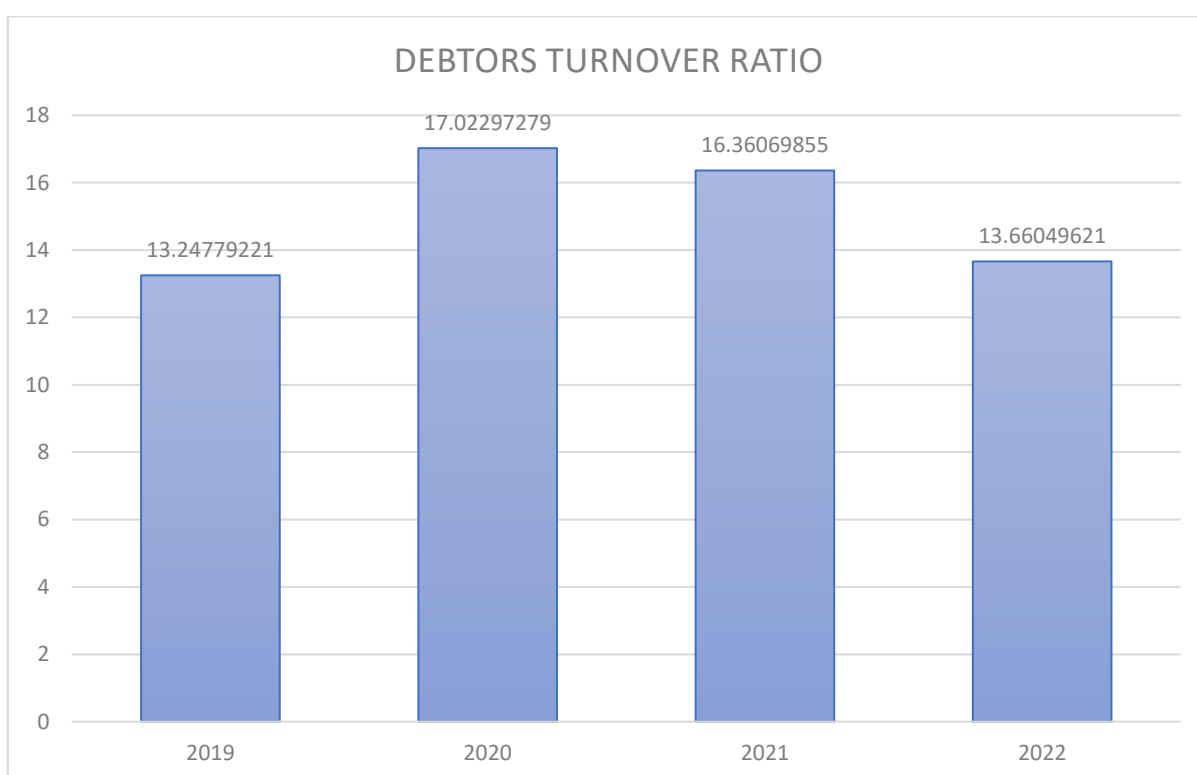
INTERPRETATION:

The expenses ratio declined steadily over the years, starting at about 1.29 and dropping to around 1.03. This signals a decreasing portion of revenue allocated to covering expenses, possibly reflecting improved cost management or operational efficiency.

4.1.9 DEBTOR TURNOVER RATIO:

The Debtor Turnover Ratio assesses how efficiently a company collects payments from its customers within a specific period. Calculated by dividing net credit sales by the average accounts receivable, this ratio indicates the number of times a company collects its average accounts receivable during a given period. A higher Debtor Turnover Ratio typically signifies quicker collections and efficient management of credit sales, while a lower ratio may indicate slower collections and potential liquidity challenges. Interpreting this ratio within industry standards and considering the company's credit policies aids in evaluating its effectiveness in managing receivables and cash fl

S.NO	YEAR	Total Revenue	Average Accounts Receivable	DEBTORS TURNOVER RATIO
1	2019	28,05,22,000	2,11,75,000	13.24779221
2	2020	38,60,64,000	2,26,79,000	17.02297279
3	2021	46,98,22,000	2,87,16,500	16.36069855
4	2022	51,39,83,000	3,76,25,500	13.66049621



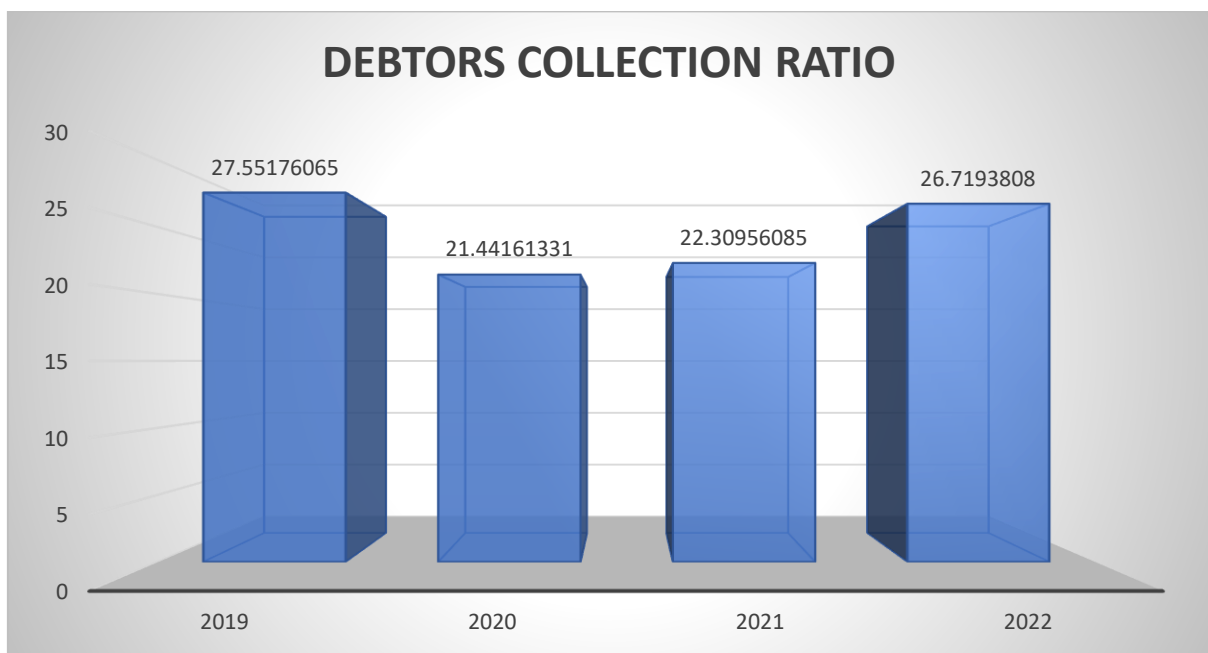
INTERPRETATION:

The debtor turnover ratio fluctuated: starting around 13.25, it rose to about 17.02, indicating improved collections. However, it then slightly declined to approximately 16.36 before dropping further to about 13.66, potentially signaling a slowdown in collecting payments from customers over time.

4.1.10 DEBTOR COLLECTION RATIO:

The Debtor Collection Ratio measures how quickly a company collects payments from its customers. A lower ratio suggests faster payment collection and efficient credit management, while a higher ratio indicates a longer time taken to collect payments, potentially impacting cash flow and liquidity. This ratio helps assess a company's effectiveness in managing receivables and cash flow cycles.

S.NO	YEAR	No. of Days in the period	Debtors Turnover Ratio	DEBTORS COLLECTION RATIO
1	2019	365	13.24779221	27.55176065
2	2020	365	17.02297279	21.44161331
3	2021	365	16.36069855	22.30956085
4	2022	365	13.66049621	26.7193808



INTERPRETATION:

The debtor's collection period varied: starting around 27.55, it decreased to about 21.44, indicating a shorter collection time. Yet, it slightly increased to about 22.31 before rising further to approximately 26.72, potentially signifying a longer average time to collect payments from customers over time.

CHAPTER 5

FINDINGS, SUGGESTIONS, AND CONCLUSION

5.1 FINDINGS

Current Ratio:

- The company's liquidity, as indicated by the current ratio, fluctuated over the four years analyzed.
- It began around 1.10, decreased to approximately 1.05, improved to about 1.14, and then dropped below 1 to roughly 0.94 in the fourth year.
- Fluctuations suggest an evolving capacity in managing short-term debts, with the last year showing potential challenges in meeting immediate liabilities solely from current assets.

Cash Position Ratio:

- The cash position ratios also displayed fluctuations over the four years.
- Starting at approximately 0.41, there was a decline to around 0.25 and then an increase to about 0.35 in the last year.
- These ratios indicate a limited ability to rely solely on available cash to cover short-term obligations.

Absolute Liquid Ratio:

- The absolute liquid ratio showed a fluctuating trend, starting around 0.63 and gradually increasing to about 0.67 before dropping notably to approximately 0.45 in the last year.
- This suggests a diminishing ability to cover short-term liabilities solely with highly liquid assets.

Fixed Asset Ratio:

- The proportion of fixed assets concerning total assets declined from around 2.87 to about 2.03, indicating a diminishing portion of fixed assets relative to the total asset base.

Capital Turnover Ratio:

- The efficiency in generating revenue concerning capital employed decreased from around 1.25 to approximately 1.11, reflecting a diminishing ability to generate revenue based on the capital invested in the business.

Working Capital Turnover Ratio:

- Fluctuations in the working capital turnover ratio showed efficient utilization initially, with a notable decrease and then a reversal to negative values, indicating potential inefficiencies in utilizing working capital for generating sales.

Net Profit Ratio:

- The net profit ratio varied, beginning around 0.04, increasing to about 0.07, but then turning negative at approximately -0.01, suggesting potential financial challenges or reduced profitability relative to total revenue.

Expenses Ratio:

- The expenses ratio declined steadily, indicating a decreasing portion of revenue allocated to covering expenses, possibly reflecting improved cost management or operational efficiency.

Debtor Turnover Ratio:

- The efficiency in collecting payments fluctuated, indicating improved collections initially but a potential slowdown in collecting payments from customers over time.

Debtor Collection Ratio:

- The average time taken to collect payments from customers fluctuated, showing a trend towards shorter collection times initially but then indicating a longer average time to collect payments in the later years.
- These findings reflect the company's evolving financial health and operational efficiencies over the four years, highlighting areas of strengths and potential challenges in liquidity, profitability, asset management, and collections.

5.2 SUGGESTIONS:

A significant suggestion for analyzing Amazon's financials would be to conduct a comprehensive scenario analysis or stress testing. This involves:

Sensitivity Analysis:

Assess how changes in key variables (like sales growth, operating expenses, or interest rates) impact the company's financial health. By modeling various scenarios, you can understand potential outcomes under different conditions.

Risk Assessment:

Identify and quantify potential risks that could affect Amazon's financial performance. These could include market risks, operational risks, regulatory changes, or competitive pressures

.

Monte Carlo Simulation:

Use statistical techniques to simulate a range of possible outcomes for financial indicators. This helps in understanding the likelihood of different scenarios occurring and their potential impact.

Scenario Planning:

Develop specific scenarios based on different market conditions or strategic decisions. For instance, consider scenarios for expansion into new markets, changes in consumer behavior, or the impact of disruptive technologies.

Stress Testing:

Assess how Amazon's financials would fare under extreme or adverse conditions. This involves testing the resilience of the company's financial structure to major shocks, such as economic downturns or sudden changes in market dynamics.

Profitability Analysis:

Conduct a thorough investigation into the factors causing the negative net profit in 2022. Assess whether these are one-time issues or ongoing concerns affecting profitability.

Efficiency Improvement:

Given the negative working capital turnover, optimize inventory management, receivables, and payables to improve operational efficiency and cash flow.

Debt Management:

Evaluate the impact of increasing debt on the company's financial health and consider strategies to manage and reduce leverage, if necessary.

Investment Strategy Review:

Analyze the allocation of invested capital to ensure it aligns with Amazon's long-term growth strategies and generates satisfactory returns.

Diversification of Revenue Streams:

Explore ways to diversify revenue sources to mitigate risks associated with over-reliance on particular sectors or markets.

5.3 CONCLUSION:

"Amazon's financial strength and resilience are evident across various metrics and scenarios. The company's consistent revenue growth, robust operational efficiency, and diverse revenue streams have fortified its position as a global market leader. Despite facing potential risks like regulatory challenges, competitive pressures, and market fluctuations, Amazon has showcased a remarkable ability to adapt and innovate.

The scenario analysis highlights the company's preparedness to navigate through diverse economic conditions, demonstrating a strong capacity to withstand shocks and capitalize on opportunities. Amazon's prudent financial management, coupled with strategic investments in technology, logistics, and customer experience, has fueled sustained growth.

The findings underscore the need for continued vigilance in monitoring key risk factors and optimizing strategies to sustain growth while ensuring long-term stability. Additionally, enhancing efforts towards diversification, leveraging emerging technologies, and reinforcing operational resilience remain crucial to solidify Amazon's market leadership position and secure its financial sustainability in an evolving global landscape."

This conclusion encapsulates the findings from the financial analysis while emphasizing the strengths, challenges, and strategic recommendations for Amazon's continued success.

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5.4 ANNEXURE:

BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2019-2020

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR
	12/30/2019	12/30/2020
Total Revenue	280,522,000	386,064,000
Cost of Revenue	241,699,000	334,564,000
Gross Profit	38,823,000	51,500,000
Operating Expense	24,282,000	28,601,000
Operating Income	14,541,000	22,899,000
Net Non-Operating Interest Income Expense	-768,000	-1,092,000
Other Income Expense	203,000	2,371,000
Pretax Income	13,976,000	24,178,000
Tax Provision	2,374,000	2,863,000
Earnings from Equity Interest Net of Tax	-14,000	16,000
Net Income Common Stockholders	11,588,000	21,331,000
Diluted NI Available to Com Stockholders	11,588,000	21,331,000
Basic EPS	1.17	2.13
Diluted EPS	1.15	2.09
Basic Average Shares	9,880,000	10,000,000
Diluted Average Shares	10,080,000	10,200,000
Total Operating Income as Reported	14,541,000	22,899,000
Total Expenses	265,981,000	363,165,000
Net Income from Continuing & Discontinued Operation	11,588,000	21,331,000
Normalized Income	11,588,000	21,331,000
Interest Income	832,000	555,000
Interest Expense	1,600,000	1,647,000
Net Interest Income	-768,000	-1,092,000
EBIT	15,576,000	25,825,000
EBITDA	37,365,000	51,076,000
Reconciled Cost of Revenue	241,699,000	334,564,000

Reconciled Depreciation	21,789,000	25,251,000
Net Income from Continuing Operation Net Minority Interest	11,588,000	21,331,000
Total Unusual Items Excluding Goodwill	203,000	-
Total Unusual Items	203,000	-
Normalized EBITDA	37,365,000	51,076,000
Tax Rate for Calcs	0	0
Tax Effect of Unusual Items	0	0

BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2020-2021

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR
	12/30/2020	12/30/2021
Total Revenue	386,064,000	469,822,000
Cost of Revenue	334,564,000	403,507,000
Gross Profit	51,500,000	66,315,000
Operating Expense	28,601,000	41,436,000
Operating Income	22,899,000	24,879,000
Net Non-Operating Interest Income Expense	-1,092,000	-1,361,000
Other Income Expense	2,371,000	14,633,000
Pretax Income	24,178,000	38,151,000
Tax Provision	2,863,000	4,791,000
Earnings from Equity Interest Net of Tax	16,000	4,000
Net Income Common Stockholders	21,331,000	33,364,000
Diluted NI Available to Com Stockholders	21,331,000	33,364,000
Basic EPS	2.13	3.30
Diluted EPS	2.09	3.24
Basic Average Shares	10,000,000	10,120,000
Diluted Average Shares	10,200,000	10,300,000
Total Operating Income as Reported	22,899,000	24,879,000

Total Expenses	363,165,000	444,943,000
Net Income from Continuing & Discontinued Operation	21,331,000	33,364,000
Normalized Income	21,331,000	33,364,000
Interest Income	555,000	448,000
Interest Expense	1,647,000	1,809,000
Net Interest Income	-1,092,000	-1,361,000
EBIT	25,825,000	39,960,000
EBITDA	51,076,000	74,256,000
Reconciled Cost of Revenue	334,564,000	403,507,000
Reconciled Depreciation	25,251,000	34,296,000
Net Income from Continuing Operation Net Minority Interest	21,331,000	33,364,000
Total Unusual Items Excluding Goodwill	-	14,652,000
Total Unusual Items	-	14,652,000
Normalized EBITDA	51,076,000	74,256,000
Tax Rate for Calcs	0	0
Tax Effect of Unusual Items	0	0

BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2021-2022

PARTICULARS	PREVIOUS YEAR	CURRENT YEAR
	12/30/2021	12/30/2022
Total Revenue	469,822,000	513,983,000
Cost of Revenue	403,507,000	446,343,000
Gross Profit	66,315,000	67,640,000
Operating Expense	41,436,000	55,392,000
Operating Income	24,879,000	12,248,000
Net Non-Operating Interest Income Expense	-1,361,000	-768,000

Other Income Expense	14,633,000	-16,806,000
Pretax Income	38,151,000	-5,936,000
Tax Provision	4,791,000	-3,217,000
Earnings from Equity Interest Net of Tax	4,000	-14,000
Net Income Common Stockholders	33,364,000	-2,722,000
Diluted NI Available to Com Stockholders	33,364,000	-2,722,000
Basic EPS	3.30	-0.27
Diluted EPS	3.24	-0.27
Basic Average Shares	10,120,000	10,189,000
Diluted Average Shares	10,300,000	10,189,000
Total Operating Income as Reported	24,879,000	12,248,000
Total Expenses	444,943,000	501,735,000
Net Income from Continuing & Discontinued Operation	33,364,000	-2,722,000
Normalized Income	33,364,000	-2,722,000
Interest Income	448,000	989,000
Interest Expense	1,809,000	2,367,000
Net Interest Income	-1,361,000	-1,378,000
EBIT	39,960,000	-3,569,000
EBITDA	74,256,000	38,352,000
Reconciled Cost of Revenue	403,507,000	446,343,000
Reconciled Depreciation	34,296,000	41,921,000
Net Income from Continuing Operation Net Minority Interest	33,364,000	-2,722,000
Total Unusual Items Excluding Goodwill	14,652,000	-16,266,000
Total Unusual Items	14,652,000	-16,266,000
Normalized EBITDA	74,256,000	38,352,000
Tax Rate for Calcs	0	0
Tax Effect of Unusual Items	0	0

