

ORGANISATION STUDY REPORT ON

**CAFE COFFEE DAY**

SUBMITTED BY

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SUBMITTED TO



**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**

In partial fulfillment of the requirements for the award of the degree of

**MASTER OF BUSINESS ADMINISTRATION**

Under the guidance of

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## **DECLARATION**

I DIVYA RAJENDRA NAIK, hereby declare that the Internship report entitled “An Organization Study with reference to CAFÉ COFFEE DAY LIMITED” prepared under the guidance of Mr. Guruprasad Pai Assistant professor of M.B.A. Department, Alva’s Institute of Engineering and Technology, Mijar and external assistance by Mr. Prasanth V HR Manager Café Coffee Day Bangalore.

I also declare that this internship work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi.

I have undergone a project for a period of 4 weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of degree from any other University.

**Date:**

**Place: Mijar, Moodbidri**  
**Student**

**Signature of the**

## **ACKNOWLEDGEMENT**

The satisfaction that accompanies the successful completion of any work would be incomplete without thanking the person who made it perfect with their constant guidance and encouragement.

I express my sincere gratitude to Dr. Peter Fernandes, The Principal of AIET, Mijar for his valuable and inspiring guidance in this endeavour. I would like to express my gratitude to Head of Department Mrs. Priya Sequeira, AIET, Mijar for her support throughout my project work.

A special note of gratitude goes to the organization Café Coffee Day for providing me an opportunity to undergo the project study.

I express my deep sense of gratitude to my project guide Mr. Guruprasad Pai, Assistant professor of MBA department, for her valuable guidance and help in completing this project work.

I am gratefully indebted to my external guide Mr. Prasanth v, for encouraging me and for his constant support throughout the course of the project work and helping me completing it successfully.

I am thankful to my parents and friends for their valuable guidance support and help during my project. Any accomplishment requires the efforts of many people. I am indebted to the management and the staff of Café Coffee Day Ltd for extending their support and co-operation in collecting data for my project report.

**DIVYA RAJENDRA NAIK**

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## EXECUTIVE SUMMARY

As a part of curriculum this organization study was carried out under MBA course offered by VTU, Belagavi.

The internship was done in **CAFÉ COFFEE DAY LIMITED** for a period of 4 weeks in order to get exposure of company and its areas. This internship report describes the background, vision, mission, growth prospects and financial position of the organization. The report gives us the brief knowledge about the core concepts of organization and how it can be applied in real environment in order to achieve the organization goals.

The internship report entitled **CAFÉ COFFEE DAY LIMITED** has been undertaken with the objective of studying organization as whole. The main objective of the study was to understand their working culture and to know their work flow model.

The Chapter 1 of the internship reports gives brief introduction about the organization and the industry. This organization study report consists of background, nature of business, ownership pattern, SWOT Analysis, McKinsey 7s model, Porter's 5 forces etc. In order to know the strengths, weakness, threats and opportunities that an organization faces SWOT Analysis is done. Porter's five forces analysis is carried out to analyse the operating environment of a competition of a business. These forces include the number and power of a company's competitive rivals, potential new market entrants, suppliers, customers, and substitute products that influence a company's profitability. The McKinsey 7s model identifies seven elements that help organizations to achieve goals and implement change. This organization report also includes analysis of financial statement. It consists of balance sheet and profit and loss statement for 5 years. With the help of financial statement, ratio analysis is done, which includes current ratio, quick ratio, debt equity ratio etc.

With this view an effort has been made to find out the effectiveness of working culture in an organization. The study on working culture of the organization gives us a brief idea of applying theoretical knowledge in real work environment.

**CHAPTER 1:**

**INTRODUCTION ABOUT THE  
ORGANISATION AND INDUSTRY**

## **INTRODUCTION OF INDUSTRY:**

Food and beverage services sector contributes a great deal to the profits in hospitality industry. With the increase in importance of business meetings, a range of personal and social events, a large number of customers visit catering establishments frequently. The food and beverage professionals tirelessly work to intensify customers' experience through their service. The Food and beverage services providing businesses deliver food and beverages to their customers at a particular location (on-premise) such as hotel, restaurant, or at the customer's intended premises (off-premise)

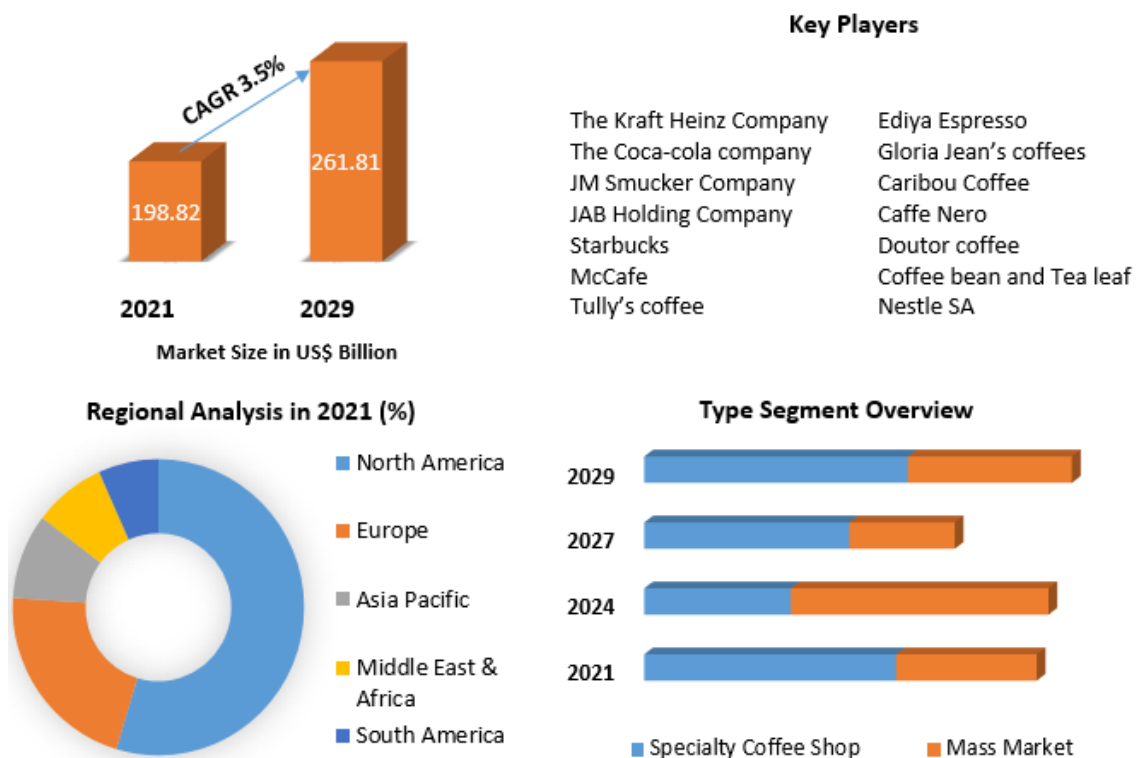
Coffee is one of the world's most popular beverages. Some claim it is the most widely consumed liquid in the world aside from water. Coffee is more than a beverage, however. It is a memory, an anticipation, a lifetime of consoling moments of modest pleasure woven into our lives. Coffee's success as a beverage undoubtedly is owing both to the caffeine it harbours and to its sensory pleasure. Coffee lovers come to associate the energizing lift of the caffeine with the richness and aroma of the beverage that delivers it. Coffee is produced from the seeds of a small red (sometimes yellow) fruit that grows on plants halfway in size between shrub and tree. The process that turns these seeds into beverage is a long and complex process, perhaps the most complex process associated with any major beverage.

It is also a very labour-intensive process involving a vast intercontinental collaboration that starts with the coffee grower, moves from there to the picker, then to the mill workers who meticulously remove the fruit and dry the beans, then to those who clean and grade the beans, to those who roast them, to those consumers and baristas who finally grind the beans and prepare the beverage. Every act along the way can be performed either with passion and precision or with careless shoddiness. It is the cumulative quality of all of these creative contributions that together make the difference between a lacklustre cup and a fine and distinctive one.



## 1.1 GLOBAL COFFEE MARKET:

Coffee is one of the popular beverages which is highly consumed globally. As the highest exported agricultural commodity, a variety of coffee beans are accessible for local and franchised coffee shops to serve the best coffee to their customers. As the urban population increases and rise of disposable income of the young population and demand for new-gen cafes have boosted the coffee shop market in urban and semi-urban cities. Coffee shops are getting designed for socializing, Formal- informal meetings as well as business meetups which is a dimensional shift from the traditional coffee shop structure.



2021 is considered as a base year to forecast the market from 2021 to 2029. 2021's market size is estimated on real numbers and outputs of the key players and major players across the globe. Past five years' trends are considered while forecasting the market through 2029.

## **COMPETITIVE POSITION OF FOOD AND BEVARAGE INDUSTRY IN INDIA:**

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, development of new products and flavours and marketing campaigns. Our products compete with a wide range of drinks produced by a relatively large number of companies, many of which have substantially greater financial, marketing and distribution resources than we do.

Important factors affecting our ability to compete successfully include taste and flavour of products, trade and consumer promotions, rapid and effective development and marketing of new, unique cutting-edge products, attractive and different packaging, branded product advertising and pricing. We also compete for distributors who will focus on the sale of our products ahead of those of our competitors, provide stable and reliable distribution and secure adequate shelf space in retail outlets. Competitive pressures in the “alternative”, energy, coffee and “functional” beverage categories could cause our products to be unable to gain or to lose market share or we could experience price erosion, which could have a material adverse effect on our business and results.

We have experienced substantial competition from new entrants in the energy drink and energy shot categories. A number of companies who market and distribute iced teas and juice cocktails in larger volume packages, such as 16- and 20-ounce glass and plastic bottles, including Sobe, Snapple, Arizona and Fuse, have added supplements to their products with a view to marketing their products as “functional” or energy beverages or as having “functional” benefits. We believe that many of those products contain lower levels of supplements and principally deliver refreshment. In addition, many

competitive products are positioned differently from our energy or “functional” drinks. Our smoothies and tea lines are positioned more closely against those products.

Coffee Day Beverages has embarked on a dynamic journey to become the largest ‘fresh milk – roasted coffee beans vending chain’ with a distinct brand identity of its own. Today, ccd had become the largest player in the segment with 1.5 billion cups of coffee served annually through and 59,000+ machine installations across the country.

Research has proved that providing employees with fresh coffee and tea increases productivity in any office. A vending machine, which dispenses fresh coffee at the touch of a button, thus becomes an absolute necessity. That’s why ccd bring the finest gourmet coffees around the world, right where you are. Their presence across various formats consists of corporates, government bodies’ offices, hotels and restaurants, automobile showrooms, jewellery showrooms and apparel stores, airport lounges, railway stations, road transport hubs, petrol stations, malls, schools, colleges, hospitals and our clients span top IT sector companies, banking and finance sector companies, premium 5star hotels, telecom, media & advertising, co-working, real estate, among others. In a nutshell, Their network is spread wide with an understanding of the functioning of each one. They understand the market from ground level and customize their proposition from client to client so finally one can just relax and have a cup of coffee, tea or any other hot beverage at the touch of button!

### **1.3 Introduction to the Company:**

Café Coffee Day, a part of Coffee Day Global Limited, is India's favourite hangout for coffee and conversations. Popularly known as CCD, Café Coffee Day strive to provide the best experience to their guests. Their coffees are sourced from thousands of small coffee planters, who made them who they are today and they we're glad to be a part of their lives. They opened their first cafe in 1996 at Brigade Road in Bangalore - the youth and the young at heart immediately took to the cafe, and it continues to be one of the most happening places in the city. CCD to the youth is a "hangout" spot where they meet people, make conversations, and have a whole lot of fun over steaming cups of great coffee. It's been an exciting journey since then to becoming the largest organised retail cafe chain in the country.

Coffee Day operate a highly optimized and vertically integrated coffee business which ranges from procuring, processing and roasting of coffee beans to retailing of coffee products across various formats.

They have integrated activities geared towards corporate social responsibility into their operations. These initiatives include adopting environmental-friendly technology, educating economically underprivileged rural youth and providing skill training and employability to them, as well as forge avenues to employ an increased number of differently-abled people with them.

# **CHAPTER -2**

## **ORGANISATION PROFILE**

## **BACKGROUND:**

Café Coffee Day Global Limited Company is a Chikkamagaluru-based business which grows coffee in its own estates of 20,000 acer. It is the largest producer of arabica beans in Asia, exporting to various countries including U.S., Europe, and Japan.

V. G. Siddhartha started the café chain in 1996 when he incorporated Coffee Day Global, which is the parent of the Coffee Day chain. The first CCD outlet was set up on July 11, 1996, at Brigade Road, Bangalore, Karnataka. It rapidly expanded to other cities in India, with more than 1,000 cafés open across the nation by 2011.

In 2010, it was announced that a consortium led by Kohlberg Kravis Roberts would invest ₹1,000 crore (equivalent to ₹19 billion or US\$240 million in 2020) in Coffee Day Resorts, owned by the company. The same year, the logo was changed to the current logo, which the company stated was to showcase the chain as a place to talk. This was done with major changes in the layout of the stores, including the addition of lounges and a total revamp of the interiors.

The company is vertically integrated as per the strategy to cut costs: from owning the plantations to growing the coffee, making the coffee machines and making the furniture for the outlets.

On 29 July 2019, Siddhartha went missing, and his body was found in the Nethravathi river backwaters two days later. A letter, assumed to be written by Siddhartha addressing the board of directors and staff, was made public in which he takes responsibility for not creating a profitable business model.

In September 2019, the company appointed auditing firm Ernst and Young to scrutinize their books of accounts. They also indicated the auditor will also look into circumstances of the last letter written by the founder and the points he made in it.

In March 2020, Coffee Day Enterprises Limited announced that it has reached an agreement to sell Global Village Technology Park, a 90-acre tech park on the outskirts of Bengaluru, for a total consideration of ₹2,700 crore for repaying the debt of Cafe Coffee Day's associate firms and their promoters. As of June 2021, the company had 550 café outlets in different cities of India.

## 2.1 COMPANY DETAILS:

COMPANY NAME:	CAFE COFFEE DAY
Founded	1996
Founder	V.G. Siddhartha
Headquarter	Coffee Day Square, Vittal Mallya Road · Bengaluru Karnataka India
Key People	S. V. Ranganath (Interim Chairman) Malavika Hegde (CEO)
Parent	Coffee Day Enterprises

## NATURE OF BUSINESS:

Café Coffee Day (abbreviated as CCD) is an Indian café chain owned by Coffee Day Global Limited, a subsidiary of Coffee Day Enterprises Limited, Coffee Day serves 1.8 billion cups of coffee, annually, in six countries.

The tertiary sector of the economy (also known as the service sector or the service industry) is one of the three economic sectors, the others being the secondary sector (approximately the same as manufacturing) and sector (agriculture, fishing, and extraction such as mining) the primary

The service sector consists of the "soft" parts of the economy, that activities where people offer their knowledge and time to improve productivity, performance, potential, and sustainability. The basic characteristic of this sector is the production of services instead of end products. Services (also known as "intangible goods") include attention, advice. experience, and discussion. The production of information is generally also regarded as a service, but some economists now attribute it to a fourth sector, the quaternary sector.

The tertiary sector of industry involves the provision of services to other businesses as well as final consumers. Services may involve the transport, distribution and sale of goods from producer to a consumer, as may happen in wholesaling and retailing, or may involve the provision of a service, such as in pest control or entertainment.

The goods may be transformed in the process of providing the service, as happens in the restaurant industry. However, the focus is on people interacting with people and serving the customer rather than transforming physical goods.

## **VISION AND MISSION AND QUALITY POLICY:**

### **VISION**

Showing the world where coffee can take us.

### **MISSION:**

Our mission is a simple one. To be the best Cafe chain by offering a world class coffee experience at affordable prices.

### **QUALITY POLICY:**

"We at the Coffee Day Global Ltd engaged in producing white coffee beans. We strive to be the forefront of Indian coffee industry by adopting latest technology, disciplined quality management system and continually improving on product quality".

- ❖ Backed by ISO 9002 certificate, and a heritage of over 140 years
- ❖ One of the top coffee exporters in India. -to United States, Japan and Europe
- ❖ Asia's largest integrated company with second largest network of the coffee estates.
- ❖ First consolidated and pure coffee outlet to find its footprint across the globe.
- ❖ First company in India to receive UTZ certification.



## 2.2 WORKFLOW MODEL:

### COFFEE BEAN

**Weighting of coffee beans(bags)**

**Coffee Unloading**

**Moisture checking**

**Coffee transfer to hulling machine**

**Polishing of coffee beans**

**Colour sorting**

**Roasting**

**Grinding**

**Beans separated on grade basis**

**Packing**

**Dispatch**



## PRODUCT/ SERVICE PROFILE

The product coffee is mainly divided in to 2 types of coffee beans:

- ROBUSTA
- ARABICA

Arabica is named for Arabs, as mentioned above that was the seed bought by an Arab from Yemen for the first time to India. It is better and expensive coffee compared to other coffee in India. The Arabica coffee tree cannot grow much taller compared to Robusta and other coffee plants. The Arabica coffee should be taken much care compared to other coffee plants it is more sensitive, so it should be taken much care throughout the year of plantation. Much of the Arabica coffee is grown in the Eastern Ghats of Karnataka which can be seen in the place of Chikmagalur where the coffee bean is unroasted bean and very much in taste it also has a higher production cost.

Robusta coffee is grown in the eastern hemisphere also thrives in equatorial climates, but at low altitudes. This coffee tree can have a less number of efforts to grow as compared to Arabica coffee. Robusta beans have twice the caffeine of Arabica, but it has fewer flavours. Robusta Coffee tree can grow up to the height of 6 to 7 feet but which doesn't take a time and money for the growing purpose. Robusta can have a twice the quality of Arabica coffee and it is not more price and taste like Arabica coffee.

The major two types of coffee have been differentiated as per its own unique identity which it can be found in the place and area and the coffee structure. Only these two types of coffee have been found in India and also it can only grow because of the soil. The subdivision of coffee has been majorly depended on its own size and colour and the taste of the coffee. The two types of coffee Robusta and Arabica are brought in to Coffee Day Global Ltd in two forms such as

- CHERRY
- PARCHMENT



Cherry is the raw coffee which is directly picked from the coffee tree and then the process of separating the seed and skin of the coffee is done by Coffee Day Global Ltd. Coffee Day Global Ltd purchases the cherry coffee which dried coffee from the coffee planters, and the coffee also comes from its own estates in large quantity, then they were brought to the head office of the COFFEE DAY GLOBAL LIMITED in Chikmagalur and Hassan, where the purchased coffee is cleaned and separated from its skin and based on the quality they will export the coffee to the other countries.

The Coffee Day Global Ltd has a high standard check for the quality of the coffee. Before purchasing the coffee they have various measures to check the coffee quality based on the condition they will purchase.

The coffee is grown in between of December to march this season is best for growing the coffee, much of the Arabica coffee is exported to USA. And Robusta is also grown at a same period in India the Robusta coffee is exported to the U.K (London).

## **PARCHMENT:**

Parchment is a cleaned coffee bean, which is already separated by the coffee planters (Farmers) through the help of the Pulper machines, which separates the bean from the cherry, where the skin of the coffee ripen and the beans, are cleanly separated from cherry and all remaining are eliminated as waste. Then the beans are dried and then transported to the Coffee Day Global Ltd Chikmagaluru and Hassan for the further process. The Coffee Day Global Ltd will check the coffee beans for the quality before purchasing and the they dry the beans and roasting is done with a appropriate heat. And they packed base on the requirement they were shipped domestically and to International market, these are also given for the coffee days and other sub divisions for the coffee business.



## **OWNERSHIP PATTERN:**

Mr. V G. Siddhartha, he is an owner, promoter and also the chairman and managing director of the Amalgamated Bean Coffee Trading Company Limited. He had started Coffee Day Global Ltd formerly known as (COFFEE DAY GLOBAL LIMITED) with his own capital in the year 1991 and the business is successfully managing it today with a wide large network of the human resource management.

The company has not issued any shares to the general public for rising of the capital for raising capital. Private placement of shares is to be done and 20% of the shares of Coffee Day Global Ltd were issued to MNC by Mr. Siddhartha.

## **ACHIVEMENTS AND AWARDS:**

The awards received by the Coffee Day Global Limited are:-

- The top exporter of the Green coffee in the year 1999-2000 The top exporter of the coffee to the region: USA.
- The top exporter of the coffee to the region: European union.
- Coffee Day Global was awarded 'Retailer of the Year' for brand excellence by ABP news in 2014.
- The Promoter, Mr. V G Siddhartha was awarded with 'ET Retail Hall of Fame' for his contribution to the growth in retail sector in 2014.
- Coffee Day Was awarded "Retailer of the Year" (Organization Food and Grocery) for retail excellence by ABP News in 2014.
- Coffee Day Global awarded bronze prize by the Coffee Board of India for being the third exporter of green coffee during 2013-14.
- Coffee Day Global was awarded as the Best Retailer under the category of "Best Customer Service inn Café Restaurant" by Star Retailer Awards 2013.
- Coffee Day Global won the award for 'Retailer of the Year' by Asia Retailer congress in 2009.

## **FUTURE GROWTH AND PROSPECTS:**

India coffee is exported to all over the world. But except in India it is nowhere called as Indian coffee. The Indian coffee does not have a much name and popularity in the other part of the world. So the Coffee Day Global Ltd want to make the Indian coffee popular in the international market and recognize Indian coffee as Indian coffee and not as anything else.

So the café coffee day outlets are planned to open in all the parts of the world, as a part of it they have the café coffee day outlets in Vienna, Austria, and planning to open in the other parts of the all the countries and to increase the popularity not only in India but also in the other countries. And make Indian coffee popular.

**CHAPTER-3**

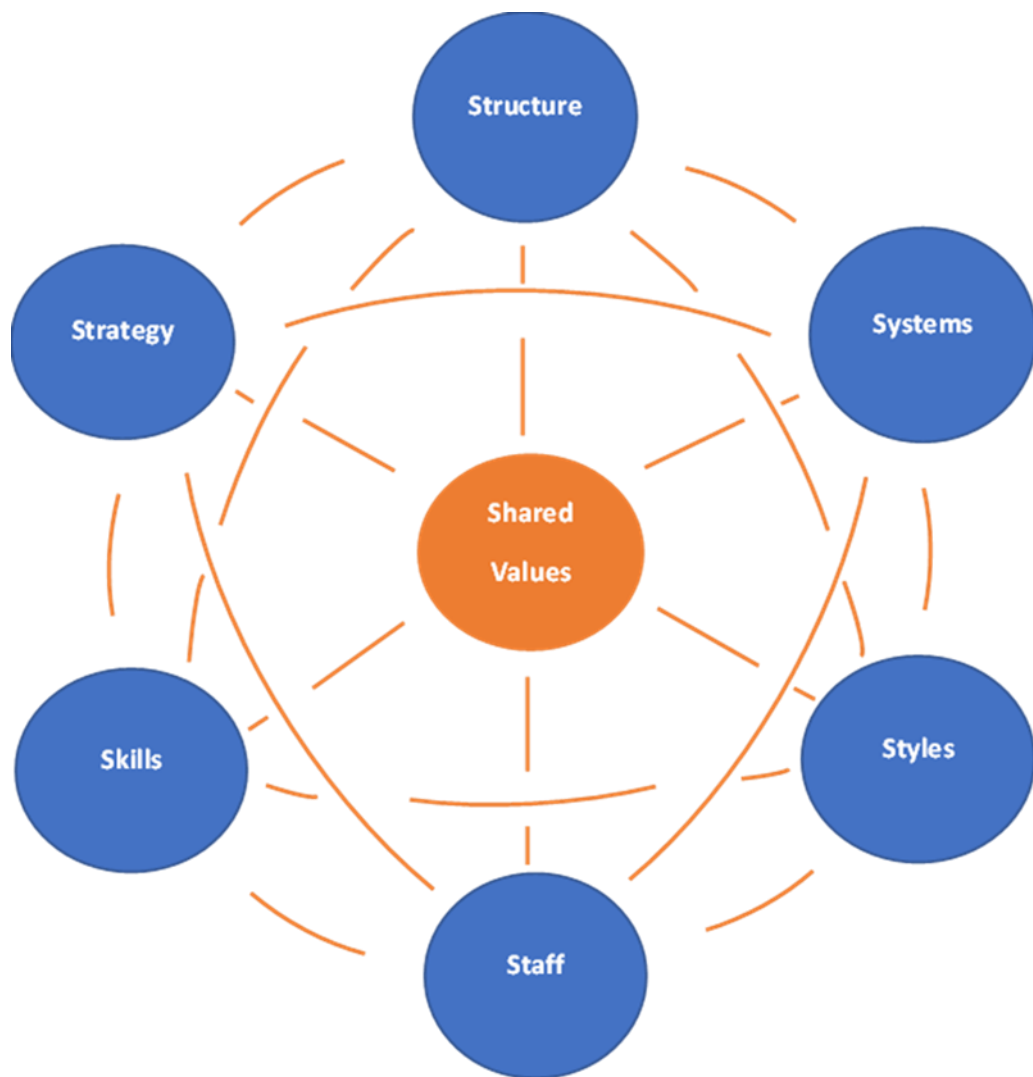
**MCKENSY'S 7S FRAMEWORK AND**

**PORTER'S FIVE FORCE MODEL**

### **MCKENSY'S 7S FRAMEWORK:**

The McKinsey 7s model is a strategic tool and framework that helps managers and businesses assess their performance. The McKinsey 7s model identifies 7 key elements for an organization that need to be focused and aligned for successful change management processes as well as for regular performance enhancements

### **MCKENSY'S 7S FRAMEWORK:**



**Fig 3.1 MCKENSY'S 7S FRAMEWORK**



## **1. STRATEGY:**

The strategic direction and the overall business strategy of Cafe Coffee Day are clearly defined and communicated to all the employees and stakeholders. This helps the organization manage performance, guide actions, and devise different tactics that are aligned with the business strategy.

Cafe Coffee Day offered an informal ambience with bright and eye-catching interiors. Visitors could sip coffee, browse the internet, conduct business meetings or just while away time with friends. Cafe Coffee Day was well looked as a cool-hangout for college crowd and teenagers. This promoted young artists and displayed their paintings on their walls.

The board level strategy of the company is to focus towards the corporate and industrial buyers. Unlike the traditional mode, dealing with corporate and industrial buyers has benefits of committed and timely off takes, reduced price risks, reduced working capital and reduced dependence on broker.

## **2. SYSTEMS:**

The Coffee Day Global Limited controls the whole system from its corporate office Bangalore. The decisions of the company is taken by the top management based on the company's rules and regulations, the other branches of the Coffee Day Global is controlled by its senior manager of those branches and the information was send to the corporate office where the president of the Coffee Day Global Ltd will examine the day to day activities of the branches.

The Coffee Day Global Ltd follows its own rules and regulation other than the government rules and regulation the rules and regulations and procedures and developed by the corporate office to the all departments if any measures should be taken by the branch office in Hassan and Chikmagalur they should follow the certain condition from the top level. The corporate office keeps a track on the daily activities of the all the department by taking the various improving measures and it includes production planning and control system, planning, budgeting system, capital budgeting system etc..

### 3. **STYLE:**

In Coffee Day Global Ltd most of the decision is taken by the CEO of the company Malavika Krishna, the decision is taken from the top level to the bottom level. In absence of CEO, the Director of the respective department takes the decision. They follow the Top-down style.



**Fig 3.2 Style**

In Coffee Day Global Ltd they follow Authoritarian style in decision making. The major decision regarding operation of the firm is taken by the M.D. Other decisions involving higher cash flow are participative taken involving partners and other officials

#### **4. STAFF:**

Employees are considered as the asset of the company. The whole Coffee Day Global Ltd is successful because of the huge chain of people who are involving in the managing the functions of the company. Even in the Head office of Cafe Coffee Day Global Ltd in Chikmagalur the employee management is done in certain extent. There are around 2700 employees and workers are working in whole Coffee Day Global Ltd.

The salary and wages fixed by the Coffee Day Global Ltd is based on the experience and job profile. The pay for the employee may vary on what position they are, the salary is provided to the employees is best in Industry.

#### **5. SKILLS**

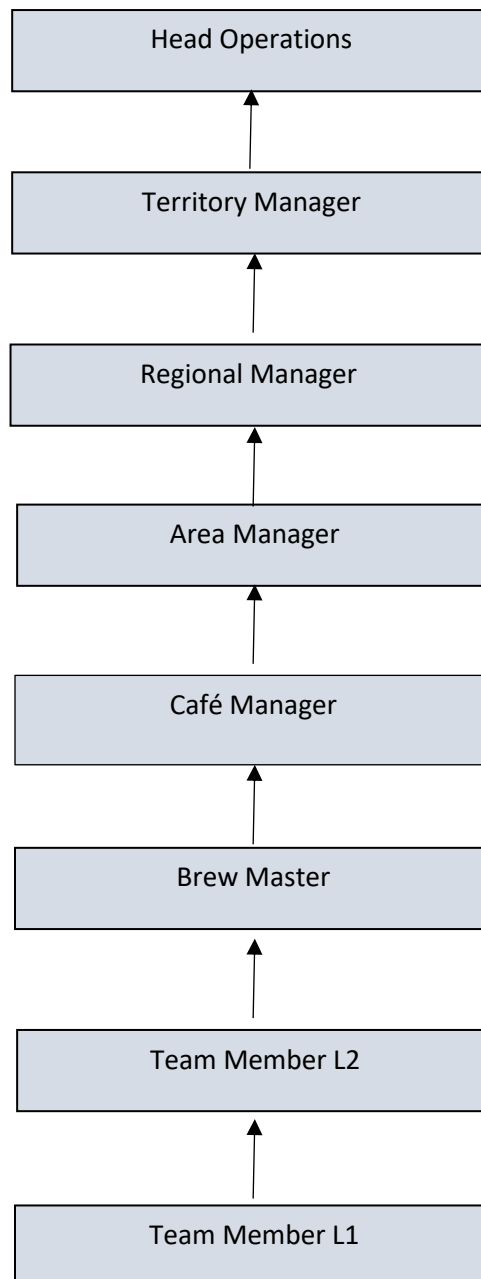
Skill is the technique required to accomplish a task with a help of ability, knowledge, understanding and judgmental. The skill may be defined as what the company does best. The distinctive capabilities and competence, that resides in their organization.

The skill of the company can be effective when the available human resource performs well. So the Coffee Day Global Ltd selects and assigns the personnel for the work based on appropriate education, skill and experience. The organization also provides the training to the employees to increase the skills. The training may be new training or re-training these is identified once in a year by the department head of their employees through appraisal system.

#### **6. STRUCTURE:**

The structure of the organization describes the departments, reporting lines, areas of expertise and responsibility. The structure represents the hierarchy of the organization and the reporting system. The structure is the pattern of relationship among various components or parts of the organization. Structure is thus the basic frame work within which an organization carries out its orders, decision and general functioning. It defines the unbroken lines or chain of command and the span of control.

It has a flatter organizational hierarchy that is supported by learning and progressive organizations. With lesser managerial levels in between and more access to the senior management and leadership, the employees feel more secure and confident and also have higher access to information. Moreover, the flatter hierarchy also allows quicker decision-making processes.



**Fig 3.3 Structure**

CCD has developed an intricate system for ensuring communication between employees, and different managerial levels. The communication systems at Café Coffee Day enhance the overall organizational structure. The systematic, defined, and organized communication allows an easy flow of information and ensures that no organizational tasks and goals are compromised because of a lack of communication, or misunderstandings.

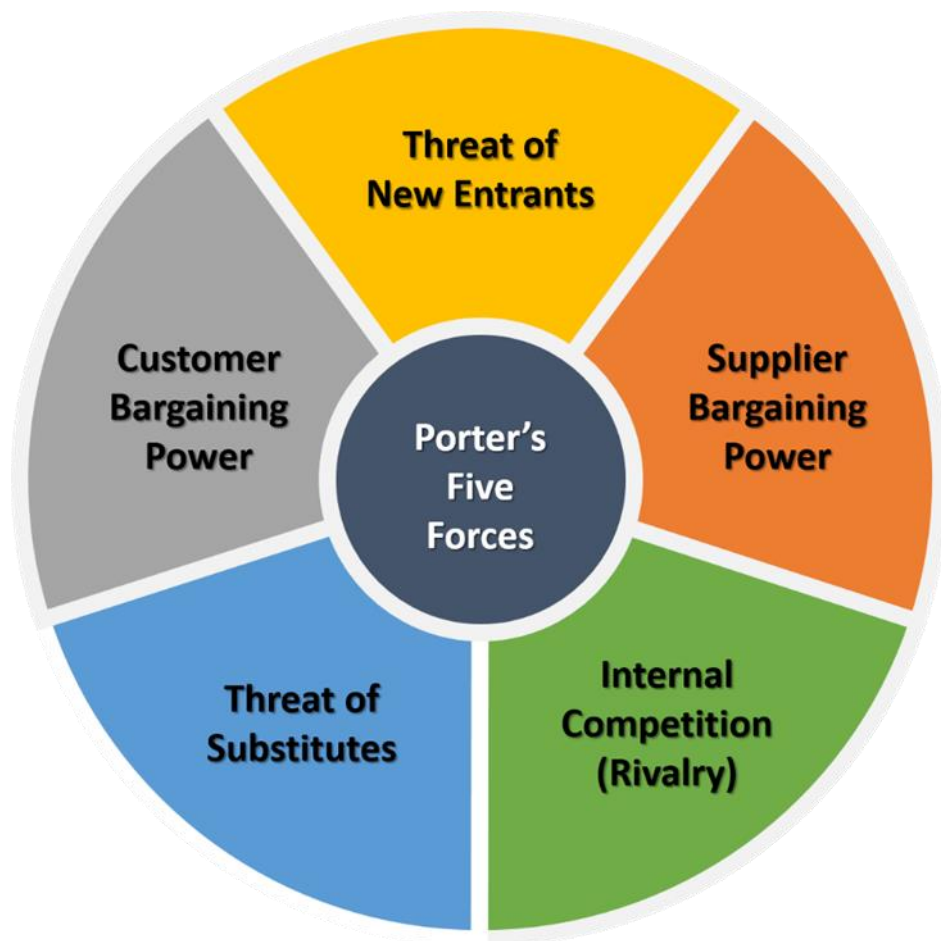
## **7. SHARED VALUES:**

Shared values guide employees towards desired behaviour originally called super ordinate goals; the guiding concept and principle of the organization -values and aspiration, often unwritten that go beyond the conventional statement of corporate objectives. The fundamental ideas around which a business is built: the things that influence a group to work together for a common aim.

Shared values are what engender trust and link an organization together. Shared values are also the identity by which an organization is known throughout its business areas. These values must be started as both corporate objective and individual values. Coffee Day Global Ltd is providing financial facilities to the farmers. The other branches of the firm are involved in many social activities.

## **MICHAEL PORTER'S FIVE FORCES OF FRAMEWORK:**

The Five Forces of Model was developed by Michael E Porter. Porter's Five Force is a framework for analysing a company's competitive environment. Five Forces analysis can be used to guide business strategy to increase competitive advantage. Five forces that shape strategy, Michael Porters observed five forces that have significant impact on a firm's profitability in its industry. These five forces analysis today in business world is also known as Porter five forces analysis. The Porter five forces are



**Fig 3.4 MICHAEL PORTER'S FIVE FORCES OF FRAMEWORK**

## **1. RIVALRY AMONG EXISTING COMPITITORS**

Rivalry in the industry is found to be at a higher side because there are numerous presence of some domestic and international coffee brands. In addition to that, there is an aggressive support to the departure of international players like Starbucks and Gloria Jean from across the globe.

## **2. THREAT OF NEW ENTRANTS:**

Threat of new entrants is found to be medium because there are previously well established native and international brands in the Indian coffee marketplace. Moreover, the cost of coming up with a coffee business is quite high and needs huge investment in the machinery and other required setup.

## **3. THREAT OF SUBSTITUTES**

Threat of substitutes is exceedingly high for numerous reasons. First reason is that India is well-known for tea nation and therefore tea can be a straight away substitute of coffee. Further, other beverages like juices and flavoured milk can also be worthy substitutes of coffee. Moreover, teenagers can go for other places to hangout like pubs or ice cream parlour instead of visiting to these coffee shops.

## **4. BARGAINING POWER OF SUPPLIERS**

Bargaining power of suppliers is bit to be low because there is no presence of cartelization. Further, the government and other regulatory bodies have enforced several regulations and limitations on the prices of coffee and milk. There is an enormous level of backward integration in the coffee industry that actually reduces the bargaining power of suppliers.

## **5. BARGAINING POWER OF BUYERS**

The bargaining power of buyers is relatively high because the swapping cost of coffee is not extremely high in India as there are numerous native and international coffee brands that are available at the door step. Further, there is an extensive diversity in the products and services available at other coffee outlets.



# **CHAPTER – 4**

## **SWOT ANALYSIS**

## SWOT ANALYSIS

SWOT analysis of Cafe Coffee Day analyses the brand by its strengths, weaknesses, opportunities and threats. In Cafe Coffee Day SWOT Analysis, the strengths and weaknesses are the internal factors whereas opportunities and threats are the external factors. SWOT Analysis is a proven management framework which enables a brand like Cafe Coffee Day to benchmark its business and performance as compared to the competitors.



**Fig 4.1 SWOT ANALYSIS**

### **SWOT Analysis of Cafe Coffee Day:**

For Cafe Coffee Day, SWOT analysis can help the brand focus on building upon its strengths and opportunities while addressing its weaknesses as well as threats to improve its market position.

#### **1. Strengths:**

The strengths of Cafe Coffee Day looks at the key aspects of its business which gives it competitive advantage in the market. Some important factors in a brand's strengths

include its financial position, experienced workforce, product uniqueness & intangible assets like brand value.

Below are the Strengths in the SWOT Analysis of Cafe Coffee Day :

1. Cafe Coffee Day has an excellent brand name and brand visibility
2. Excellent ambience and service
3. Grow their own coffee beans
4. It produces the coffee it serves hence the cost reduces
5. Youth oriented brand

## **2. Weakness**

The weaknesses of a brand are certain aspects of its business which can improve to increase its position further. Certain weaknesses can be defined as attributes which the company is lacking or in which the competitors are better. Here are the weaknesses in the Cafe Coffee Day SWOT Analysis:

1. Lacks strength to maintain brand loyal customers.
2. Loosing it's charm due to poor investment in the advertising.
3. Follow the competitor strategy.

## **3. Opportunities**

The opportunities for any brand can include areas of improvement to increase its business. A brand's opportunities can lie in geographic expansion, product improvements, better communication etc. Following are the opportunities in Cafe Coffee Day SWOT Analysis:

1. Introduce cheaper versions of coffee
2. Cafe Coffee Day can tap the smaller towns or cities
3. Merchandising can benefit Cafe Coffee Day even more
4. Tie ups with other companies for promotion

## **5. Threats:**

The threats for any business can be factors which can negatively impact its business. Some factors like increased competitor activity, changing government policies, alternate products or services etc. can be threats. The threats in the SWOT Analysis of Cafe Coffee Day are as mentioned:

1. Competition with Starbucks, Dunkin Donuts , Gloria Jean's Coffee ,and Costa Coffee
2. Dependent on Government commodity rates
3. Large unorganized market can cause business losses
4. Presence of other Hangout location

# **CHAPTER-5**

## **FINANCIAL STATEMENT**

## FINANCIAL STATEMENT

A financial statement is a written record which provides complete information about the financial position, and performance of the company to make the good decision to earn more profit in the future days. The financial statement of the company includes a balance sheet, income statement, cash flow statement. This statement not only helps the company with the economic decision but also to know the performance of the company for the outsider like customer.

### PROFIT AND LOSS ACCOUNT:

An income statement or profit and loss account is one of the Financial Statement of a company and shows the company's revenue and expenses during particular period.

**Table No. 5.1 PROFIT & LOSS ACCOUNT OF COFFEE DAY ENTERPRISES (in Rs. Cr.)**

<b>PROFIT &amp; LOSS ACCOUNT OF COFFEE DAY ENTERPRISES (in Rs. Cr.)</b>	<b>Mar -22</b>	<b>Mar -21</b>	<b>Mar -20</b>	<b>Mar -19</b>	<b>Mar -18</b>
<b>INCOME</b>					
<b>REVENUE FROM OPERATIONS [GROSS]</b>	<b>16.15</b>	<b>11.73</b>	<b>15.85</b>	<b>85.51</b>	<b>78.17</b>
Less: Excise/ Sevice Tax/Other Levies	2.44	1.77	2.69	2.97	3.31
<b>REVENUE FROM OPERATIONS [NET]</b>	<b>13.71</b>	<b>9.96</b>	<b>13.16</b>	<b>82.54</b>	<b>74.87</b>
<b>TOTAL OPERATING REVENUES</b>	<b>13.71</b>	<b>10.06</b>	<b>19.07</b>	<b>122.32</b>	<b>140.31</b>
Other Income	0.01	0.12	3.64	1.74	1.71
<b>TOTAL REVENUE</b>	<b>13.72</b>	<b>10.18</b>	<b>22.71</b>	<b>124.06</b>	<b>142.02</b>
<b>EXPENSES</b>					
Cost Of Materials Consumed	0	0	0	0	0
Purchase Of Stock-In Trade	0	0	0	69.13	61.15

Operating And Direct Expenses	0	0	0	0	0
Changes In Inventories Of FG, WIP And Stock-In Trade	0	0	0	0	0
Employee Benefit Expenses	6.54	4.73	8.91	8.5	7.69
Finance Costs	1.01	69.01	98.27	105.08	125.73
Depreciation And Amortisation Expenses	0.59	0.59	0.61	0.47	0.44
Other Expenses	9.07	6.85	9.97	8.6	8.5
<b>TOTAL EXPENSES</b>	<b>17.21</b>	<b>81.18</b>	<b>117.76</b>	<b>191.77</b>	<b>203.51</b>
<b>PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX</b>	<b>3.49</b>	<b>-71</b>	<b>-95.06</b>	<b>-67.71</b>	<b>-61.49</b>
Exceptional Items	0	-46.5	1,503.8 0	0	0
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-3.49</b>	<b>-117.5</b>	<b>1,408.7 4</b>	<b>-67.71</b>	<b>-61.49</b>
<b>TAX EXPENSES-CONTINUED OPERATIONS</b>					
Current Tax	0	0	0	0	0
Less: MAT Credit Entitlement	0	0	0	0	0
Deferred Tax	0	-14.72	41.22	0	0
Tax For Earlier Years	0	0	0	0	0
<b>TOTAL TAX EXPENSES</b>	<b>0</b>	<b>-14.72</b>	<b>41.22</b>	<b>0</b>	<b>0</b>
<b>PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS</b>	<b>-3.49</b>	<b>-102.78</b>	<b>1,367.5 2</b>	<b>-67.71</b>	<b>-61.49</b>
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS</b>	<b>-3.49</b>	<b>-102.78</b>	<b>1,367.5 2</b>	<b>-67.71</b>	<b>-61.49</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-3.49</b>	<b>-102.78</b>	<b>1,367.5 2</b>	<b>-67.71</b>	<b>-61.49</b>

**Table No. 5.2 BALANCE SHEET OF COFFEE DAY ENTERPRISES**

**(in Rs. Cr.)**

<b>BALANCE SHEET OF COFFEE DAY ENTERPRISES (in Rs. Cr.)</b>	<b>Mar- 22</b>	<b>Mar- 21</b>	<b>Mar- 20</b>	<b>Mar- 19</b>	<b>Mar-18</b>
<b>EQUITIES AND LIABILITIES</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Equity Share Capital	211.2 5	211.2 5	211.2 5	211.2 5	211.25
<b>TOTAL SHARE CAPITAL</b>	<b>211.2 5</b>	<b>211.2 5</b>	<b>211.2 5</b>	<b>211.2 5</b>	<b>211.25</b>
Reserves and Surplus	2,856.09	2,859.58	2,962.42	1,597.08	1,664.74
<b>TOTAL RESERVES AND SURPLUS</b>	<b>2,856.09</b>	<b>2,859.58</b>	<b>2,962.42</b>	<b>1,597.08</b>	<b>1,664.74</b>
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>3,067.35</b>	<b>3,070.83</b>	<b>3,173.67</b>	<b>1,808.34</b>	<b>1,875.99</b>
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	0	0	351.7 1	326.5	557.32
Deferred Tax Liabilities [Net]	0	0	0	0	0
Other Long-Term Liabilities	4.08	4.11	4.09	0	0
Long Term Provisions	1.04	0.93	0.89	0.85	0.78
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5.12</b>	<b>5.04</b>	<b>356.6 8</b>	<b>327.3 5</b>	<b>558.11</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	482.5 3	0	0	0	0
Trade Payables	0.81	0.73	1.34	1.86	0.97
Other Current Liabilities	23.04	573.7 1	179.3 6	28.58	485.23
Short Term Provisions	0.04	0.03	0.73	0.04	0.05
<b>TOTAL CURRENT LIABILITIES</b>	<b>506.4 2</b>	<b>574.4 8</b>	<b>181.4 3</b>	<b>30.48</b>	<b>486.25</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>3,578.88</b>	<b>3,650.35</b>	<b>3,711.78</b>	<b>2,166.17</b>	<b>2,920.35</b>
<b>ASSETS</b>					



<b>NON-CURRENT ASSETS</b>					
Tangible Assets	5.72	6.17	6.72	5.05	5.15
Intangible Assets	0	0	0	0	0
Capital Work-In-Progress	0	0	0	0	0
Other Assets	0	0	0	0	0
<b>FIXED ASSETS</b>	<b>5.72</b>	<b>6.17</b>	<b>6.72</b>	<b>5.05</b>	<b>5.15</b>
Non-Current Investments	1,865.12	1,866.16	1,866.16	1,937.00	2,131.51
Deferred Tax Assets [Net]	0	0	0	0	0
Long Term Loans and Advances	0.3	0.68	0.68	0.68	0.68
Other Non-Current Assets	27.73	28.57	3.51	3.31	6.61
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,898.88</b>	<b>1,901.59</b>	<b>1,877.08</b>	<b>1,946.04</b>	<b>2,143.95</b>
<b>CURRENT ASSETS</b>					
Current Investments	0	0	0	0	0
Inventories	0	0	0	0	0
Trade Receivables	3.69	3.62	3.92	3.9	3.94
Cash And Cash Equivalents	0.15	0.31	1.96	12.38	20.95
Short Term Loans and Advances	1,675.84	1,744.67	1,751.20	6.24	751.48
Other Current Assets	0.33	0.16	77.62	197.61	0.03
<b>TOTAL CURRENT ASSETS</b>	<b>1,680.00</b>	<b>1,748.76</b>	<b>1,834.70</b>	<b>220.12</b>	<b>776.4</b>
<b>TOTAL ASSETS</b>	<b>3,578.88</b>	<b>3,650.35</b>	<b>3,711.78</b>	<b>2,166.17</b>	<b>2,920.35</b>

## **RATIO ANALYSIS OF COFFEE DAY ENTERPRISES:**

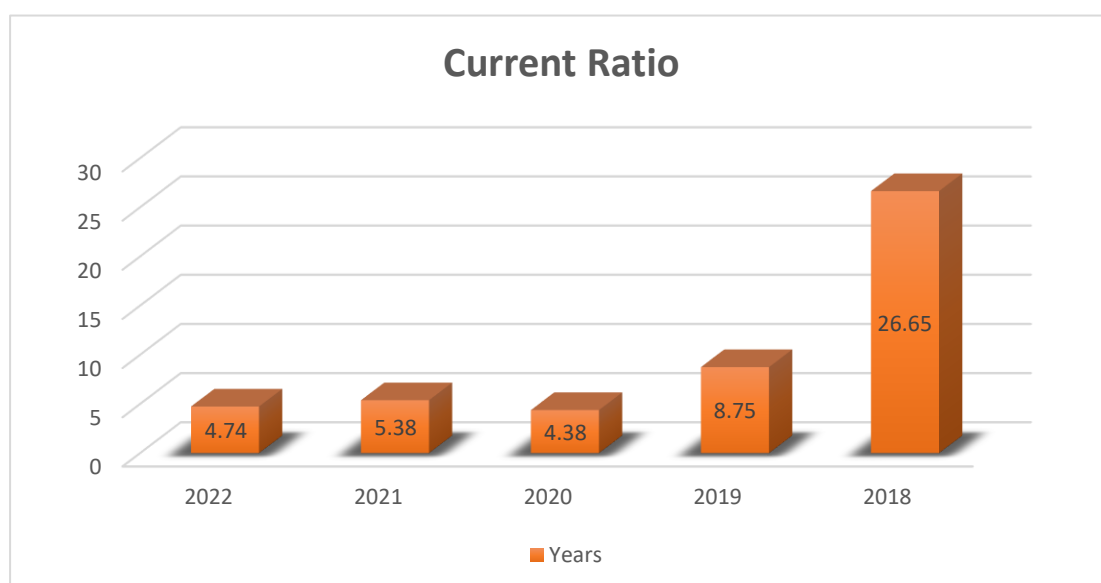
Ratio analysis is calculating the financial performance of the company, its financial position, liquidity, profitability, risk solvency, and proper utilization of the resources by studying the financial statement of the company like balance sheet and income statement.

### 5.3 Current Ratio:

The current ratio is a financial ratio used to measure a company's short-term liquidity, which is its ability to pay its short-term obligations with its short-term assets. The current ratio is calculated by dividing a company's current assets by its current liabilities.

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

Years	Current Assets	Current Liabilities	Current Ratio
2022	3.84	0.81	4.74
2021	3.93	0.73	5.38
2020	5.88	1.34	4.38
2019	16.28	1.86	8.75
2018	24.89	0.97	25.65



#### Analysis and interpretation:

The current ratio is a financial metric that measures a company's ability to pay its short-term obligations. It is calculated by dividing the company's current assets by its current liabilities. The current ratio for the years 2018 to 2022 are 25.65, 8.75, 4.38, 5.38, and 4.74 respectively. A higher current ratio indicates a better ability to pay short-term

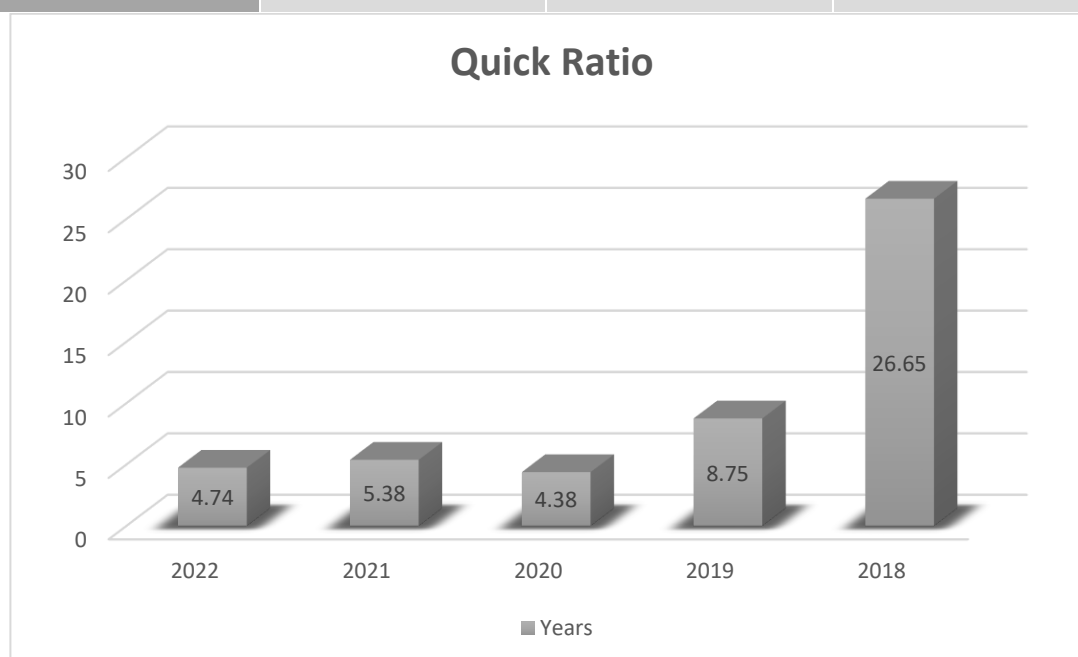
obligations, but a ratio over 1 is generally considered a good indicator of a company's short-term financial stability

## 5.4 Quick Ratio:

The quick ratio is used to measure the company's ability in paying off its current liabilities on the immediate basis. The quick ratio is considered as more conservation measure than the current ratio which is include all the current assets as coverage for the current liabilities.

$$\text{Quick Ratio} = \text{Quick Assets} / \text{Current Liabilities}$$

Years	Quick Assets	Current Liabilities	Quick Ratio
2022	3.84	0.81	4.74
2021	3.93	0.73	5.38
2020	5.88	1.34	4.38
2019	16.28	1.86	8.75
2018	24.89	0.97	25.65



### **Analysis and interpretation:**

The quick ratio measures a company's ability to meet its short-term obligations using its most liquid assets. The higher the quick ratio, the more capable a company is of paying its debts. From the data, the company's quick ratio was highest in 2018 (25.65) and lowest in 2020 (4.38).

### **5.5 Cash Ratio:**

Since money is more fluid resource, budgetary investigator may look at money proportion and its proportionate to current liabilities. The perfect money proportions 0.50:1.

Cash Ratio: Cash + cash equivalent /total current liabilities

Years	Cash and Cash Equivalent	Total current Liabilities	Cash Ratio
2022	0.15	506.42	0.0003
2021	0.31	574.48	0.0005
2020	1.96	181.43	0.0108
2019	12.38	30.48	0.4062
2018	20.95	486.25	0.0431



### **Analysis and interpretation:**

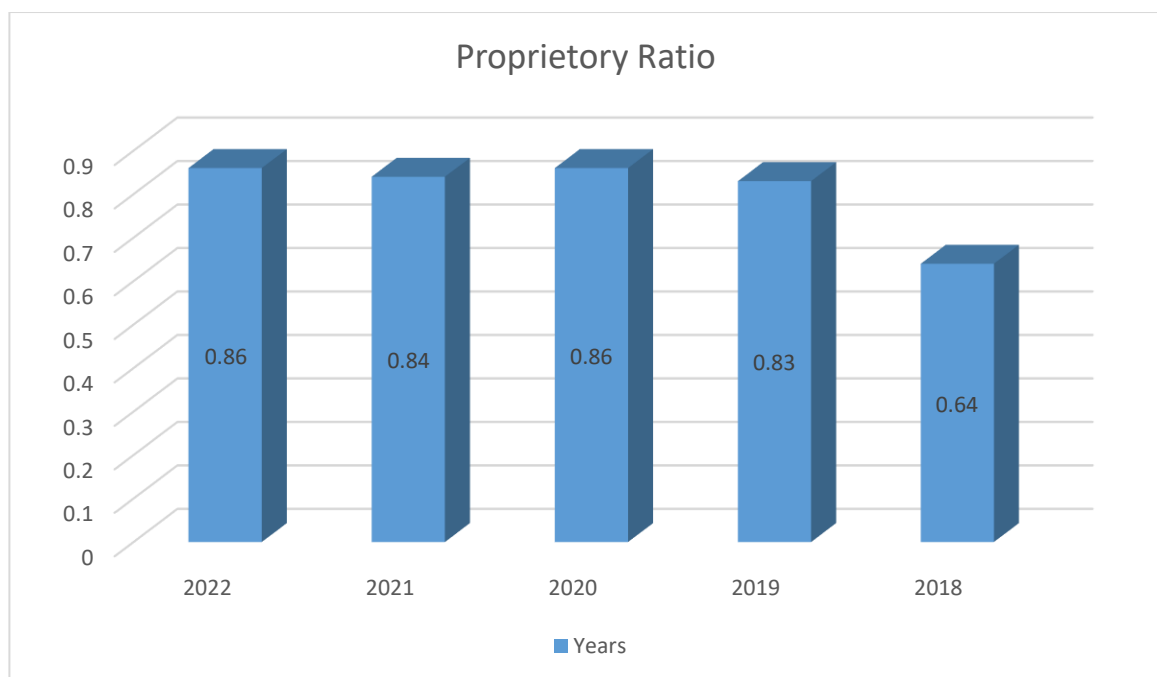
The cash ratio is a liquidity ratio that measures a company's ability to pay off its short-term liabilities with its most liquid assets (i.e., cash and cash equivalents). The higher the cash ratio, the better the company's ability to meet its short-term obligations. The data shows that the cash ratio for the years 2018 to 2022 fluctuated, with the highest ratio in 2019 (0.4062) and the lowest in 2022 (0.0003).

### **5.6 Proprietary ratio:**

Proprietary Ratio also known as equity ratio indicates the relationship between the owners' funds and total assets. It basically indicates the extent to which owners fund are invested in different types of assets. It basically shows the general financial strength of the company. It also tests the soundness of the capital structure.

Proprietary ratio:  $\text{shareholder's fund} / \text{Total assets}$ :

Years	Shareholder's Fund	Total Assets	Proprietary Ratio
2022	3067.35	3578.88	0.86
2021	3070.83	3650.35	0.84
2020	3173.67	3711.78	0.86
2019	1808.34	3166.17	0.83
2018	1875.99	2920.35	0.64



### **Analysis and interpretation:**

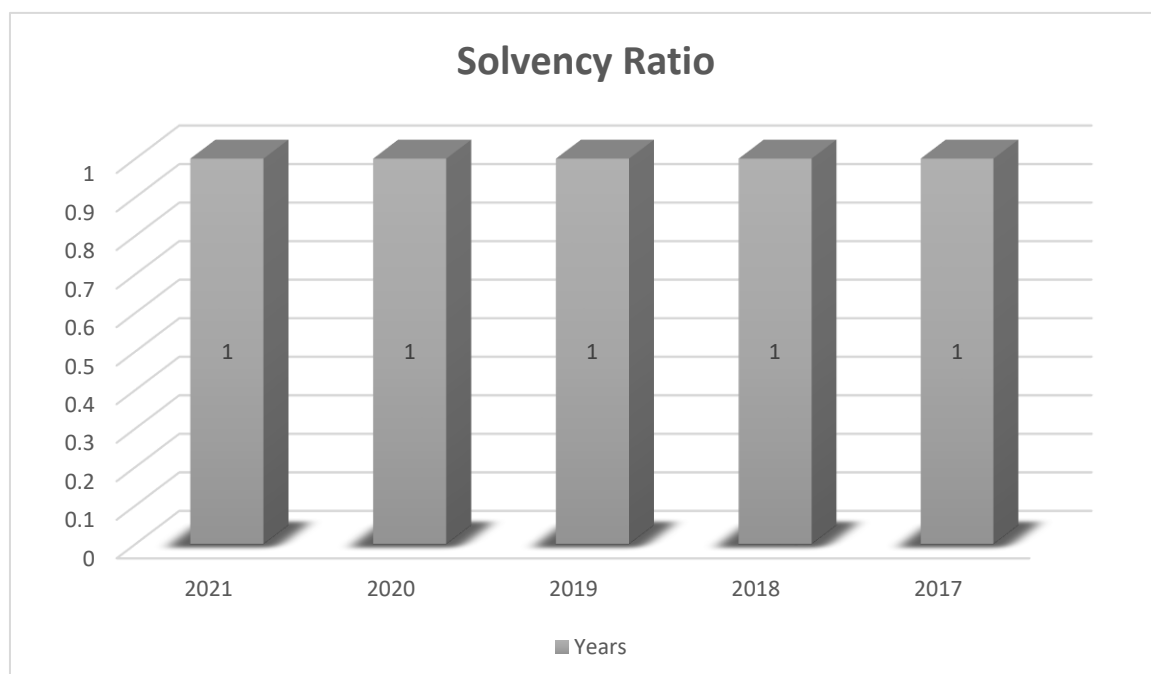
The proprietary ratio is a financial metric that measures the amount of equity a company has relative to its total assets. The numbers represent the proprietary ratio for various years, with the value being expressed as a decimal. A higher proprietary ratio indicates that a larger portion of the company's assets is financed through equity, rather than debt. The data you provided shows that the proprietary ratio has generally been around 0.83 to 0.86 in recent years, with the exception of 2018 where the ratio was lower at 0.64.

## 5.7 Solvency Ratio:

The solvency ratio is used evaluate the organisation capacity to gather long-term debt requirement. It is one of the key aspects for measuring the financial position of an organisation. It is used to decide the possibility that a company will non-payment on its arrears

Solvency Ratio: Total Assets/Total Liabilities

Years	Total Assets	Total Liabilities	Solvency Ratio
2021	3578.88	3578.88	1.00
2020	3650.35	3650.35	1.00
2019	3711.78	3711.78	1.00
2018	3166.17	3166.17	1.00
2017	2920.35	2920.35	1.00



### **Analysis and interpretation:**

From the above graph it is clearly shown that from the last 5 years the company has a constant solvency ratio, it clearly means that the company can manage its long-term debts accurately.

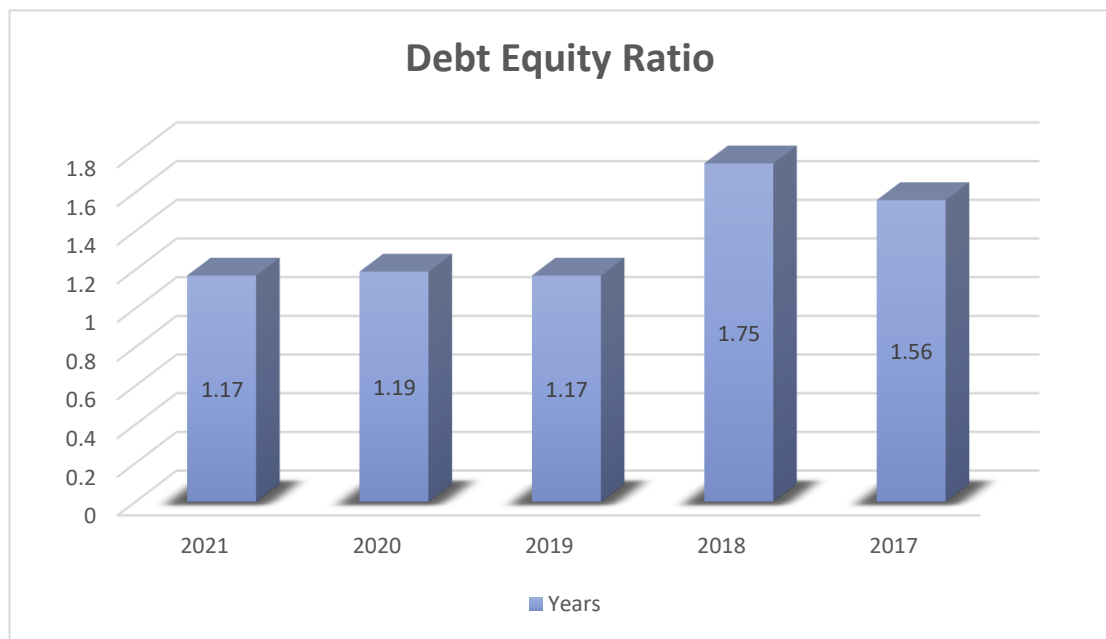
### **5.8 Debt-equity ratio:**

Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage and is calculated by dividing a company's total liabilities by its shareholder equity. D/E ratio is an important metric in corporate finance. It is a measure of the degree to which a company is financing its operations with debt rather than its own resources.

Debt-equity ratio: Total Liabilities/total shareholder's equity

Years	Total Liabilities	Total shareholder's equity	Debt-equity ratio
2021	3578.88	3067.35	1.17
2020	3650.35	3070.83	1.19
2019	3711.78	3173.67	1.17
2018	3166.17	1808.34	1.75
2017	2920.35	1875.99	1.56





### Analysis and interpretation:

The debt-equity ratio is a financial metric used to measure a company's financial leverage by comparing its total debt to total equity. The higher the debt-equity ratio, the greater the company's financial leverage and the more debt it is using to finance its operations. In the above table, it shows that the debt-equity ratio for the years 2018 to 2022 ranges from 1.56 to 1.19, with the highest ratio being in 2019 at 1.75.

### 5.9 Return on asset ratio:

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. It helps the corporate management, analysts, and investors to determine how efficiently a company use its assets to generate a profit.

$$\text{Return on Assets: Net profit/Total Assets*100}$$

Years	Net Profit	Total Assets	Return on Assets Ratio
2021	-3.49	3578.88	-0.10
2020	-102.78	3650.35	-2.82
2019	1367.52	3711.78	36.84
2018	-67.71	2166.17	-3.13
2017	-61.49	2920.35	-2.11



### **Analysis and interpretation:**

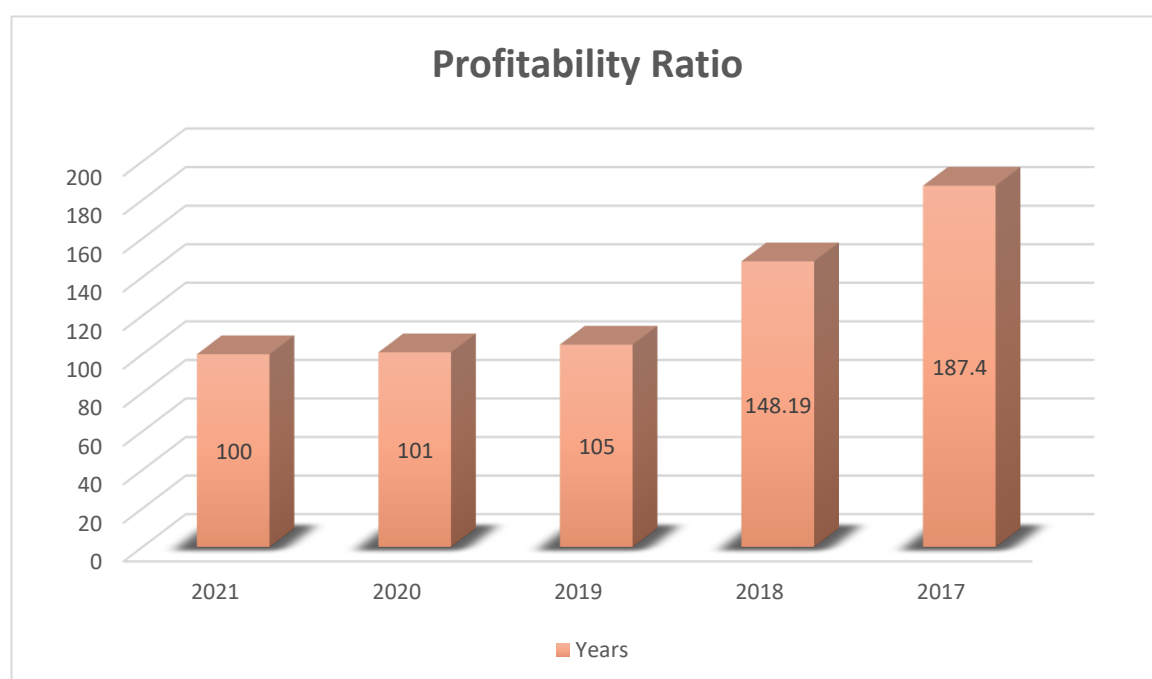
In the table you provided, the company had a ROA of -0.1 in 2022, -2.82 in 2021, 36.84 in 2020, -3.13 in 2019 and -2.11 in 2018. It shows that the company had a positive ROA only in 2020, which indicates that the company was efficient in using its assets to generate profits in that year. In the other years, the ROA was negative, which means the company was not generating enough profits from its assets.

## 5.10 Profitability Ratio:

A profitability ratio is a financial measurement. It measures the relationship between revenues and costs. The ratio quantifies the cost levels required to achieve these revenues.

Profitability Ratio: Operating Profit/Net Sales\*100

Years	Operating Profit	Net Sales	Profitability Ratio
<b>2021</b>	13.71	13.71	100
<b>2020</b>	10.06	9.96	101
<b>2019</b>	19.07	13.16	105
<b>2018</b>	122.32	82.54	148.19
<b>2017</b>	140.31	74.87	187.40



**Analysis and interpretation:**

The profitability ratio measures a company's ability to generate profit relative to its revenue or total assets. A higher profitability ratio indicates better financial performance. In the data you provided, the profitability ratio was highest in 2018 at 187.4 and lowest in 2022 at 100.

# **CHAPTER 6**

## **LEARNING EXPERIENCE**

## **LEARNING EXPERIENCE:**

Every student doing a professional course needs to undertake internship in their respective field, which gives him a chance to explore their skills & suit of oneself in the work environment.

My internship at CAFÉ COFFEE DAY LTD, I had a very good experience and have acquired practical experience and knowledge. With the help of my external guide, I learned many processes of organisation. I did my internship in HR where I learned many things such as hiring process of candidate, maintaining data in excel sheet and also, I understood how payroll department perform.

The workflow model helped me in knowing the important growth effort when compared to the individual effort in the organisation.

I found the strength and weakness of the organisation and I learned core managerial activities and also 2 models help to identify & analysis five competitive force that shape every organisation.

By the entire internship study, I understand that the company is well positioned for continued long term growth. The 28 days study period gave me a great experience, it helped me to get practical knowledge of theoretical concepts.

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