

# ENTERPRISE ANALYSIS & DESK RESEARCH (114)

**Topic :- COVID & POST COVID ANALYSIS OF E-COMMERCE**

**Name Of Organization:- FLIPKART**

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# FOUNDERS & PROMOTERS

## ■ Sachin Bansal

Sachin Bansal is the co-founder of Flipkart. After obtaining a Bachelor's Degree in Computer Science from IIT Delhi, Sachin started with Amazon as a Senior Software Engineer after a brief stint at Techspan. He then left his job at Amazon and co-founded Flipkart.

In Flipkart, he managed the positions of CEO and Chairman before resigning in 2018 following Walmart's major acquisition of Flipkart, where the American multinational company acquired around 77% stakes in the Indian eCommerce company. Bansal eventually started Navi with Ankit Agarwal and is currently serving as a Chairman at Navi. The net worth of Sachin Bansal is currently at \$1.30 billion, as of the Forbes report of 2022.



## ■ Binny Bansal

An IIT Delhi alumnus, much like Sachin, Binny completed his Bachelors in Computer Science and Engineering, after which he co-founded Flipkart. Binny Bansal was the COO and the CEO of Flipkart.

Sachin was the CEO since the inception of Flipkart and in 2016, Binny Bansal took over as the CEO while Sachin Bansal became the executive chairman of the company. However, Binny also resigned from Flipkart in 2018 due to personal misconduct allegations of Flipkart.

## MISSION & VISION

Flipkart's mission is to create a trusted and convenient online shopping experience for Indian consumers. The company's vision is to become the go-to destination for consumers to buy anything online in India.

By leveraging technology and offering a wide range of products at competitive prices, Flipkart aims to make shopping easier and more accessible for everyone. The company is committed to providing its customers with a seamless, convenient, and enjoyable shopping experience, and to continuously improving its services to meet the evolving needs of Indian consumers.

**“to provide delightful customer experience.”**

# QUALITY POLICIES

**Product Quality:** Flipkart carefully selects its sellers and products to ensure that the products offered on its platform meet its high standards of quality. The company regularly reviews the products and sellers on its platform to ensure that the products are authentic and of good quality.

**Logistics and Delivery:** Flipkart has a robust logistics and delivery network that ensures that products are delivered to customers on time and in good condition. The company uses state-of-the-art technology to track deliveries and ensure that customers receive their orders on time.

**Customer Service:** Flipkart has a dedicated customer service team that is available to assist customers with any questions or concerns they may have. The company strives to resolve customer issues promptly and effectively to ensure that customers have a positive shopping experience.

**Returns and Refunds:** Flipkart has a flexible returns and refunds policy that enables customers to return products that are defective or not as described. The company aims to make the returns and refunds process as simple and straightforward as possible for its customers.

# MANAGEMENT STRUCTURE

Flipkart has a hierarchical management structure, with clear lines of authority and decision-making responsibility. The top level of management includes the CEO, who is responsible for overall strategy and direction, and other C-level executives who are responsible for specific business areas, such as finance, technology, and operations.

Below the C-level executives, there are departmental managers who are responsible for specific functions within the company, such as marketing, product development, and customer service. These managers report to the C-level executives and are responsible for implementing the company's strategy and executing day-to-day operations.

At the next level, there are team leaders and individual contributors who carry out the day-to-day tasks and support the managers in achieving the company's goals.

Overall, Flipkart's management structure is designed to ensure that the company can effectively pursue its strategy, make informed decisions, and respond quickly to changes in the market. The structure also enables the company to efficiently allocate resources and promote teamwork and collaboration across departments.

# FINANCIAL STRUCTURE

Flipkart's financial structure can be described as a mix of equity and debt. As a private company, Flipkart has raised capital through a combination of equity investments by venture capital firms, private equity firms, and strategic investors, as well as debt financing from banks and financial institutions.

In 2018, Walmart acquired a majority stake in Flipkart, valuing the company at over \$20 billion. This acquisition was structured as an equity investment, with Walmart becoming a majority shareholder in the company.

In addition to equity and debt financing, Flipkart generates revenue through its e-commerce operations, which includes the sale of a wide range of products to customers in India. The company uses a portion of its revenue to invest in technology, infrastructure, and customer service to support its growth, and the rest is used to pay dividends to shareholders or used to repay debt.

Overall, Flipkart's financial structure is designed to provide the company with the resources it needs to grow and succeed in the highly competitive e-commerce market in India.

# CHALLENGE FACED DURING COVID

The COVID-19 pandemic has presented several challenges for Flipkart, like most businesses across the world. Some of the main challenges faced by the company during this time include:

- **Supply Chain Disruptions:** The pandemic caused disruptions in the global supply chain, which impacted Flipkart's ability to source and distribute products to customers. The company had to quickly adapt to the changing circumstances and find new ways to secure products and ensure timely delivery.
- **Logistics Challenges:** The pandemic also caused disruptions in the logistics and delivery network, which made it difficult for Flipkart to deliver products to customers on time. The company had to implement new measures to ensure the safety of its delivery personnel and customers, which added to the complexity of its logistics operations.

- **Decreased Demand:** The COVID-19 pandemic led to an economic slowdown, which resulted in a decrease in consumer spending and demand for certain products. This impacted Flipkart's sales and revenue and required the company to be nimble in adjusting its product offerings and marketing strategies to meet changing customer needs.

- **Health and Safety of Employees:** The pandemic also presented a challenge in terms of ensuring the health and safety of Flipkart's employees. The company had to implement new measures to ensure that its workplace was safe and to protect the health of its employees.

DESPITE THESE CHALLENGES, FLIPKART HAS ADAPTED AND RESPONDED EFFECTIVELY TO THE CHANGING CIRCUMSTANCES CAUSED BY THE COVID-19 PANDEMIC. THE COMPANY HAS LEVERAGED TECHNOLOGY TO ENSURE SEAMLESS AND SAFE DELIVERY OF PRODUCTS TO CUSTOMERS AND HAS TAKEN STEPS TO PROTECT THE HEALTH AND SAFETY OF ITS EMPLOYEES. THESE EFFORTS HAVE ENABLED FLIPKART TO CONTINUE TO GROW AND SUCCEED IN THE INDIAN E-COMMERCE MARKET.

## SALES FORECAST DURING COVID

Walmart-owned Flipkart are expected to generate \$9.2 billion in gross sales during the 2021 festive month, up 42% year-on-year from the same period last year when it was \$6.5 billion, according to data from market research firm Forrester Research that was shared exclusively with ET.

Forrester has estimated that the online e-tailers would clock as much as \$6.4 billion, or 70% of total sales in the festive month, during the next one week. The flagship sales will begin from October 3.

Ecommerce sales have been rapidly increasing each year from about \$3.6 billion in 2021, reflecting the growing penetration of online commerce.

This has been accelerated due to the Covid-19 pandemic as people continue to avoid shopping offline.

## SALES DURING COVID

Flipkart India, the business-to-business arm of Walmart-owned e-commerce firm Flipkart, reported its revenues for the financial year 2021-22 as Rs 51,176 crore, an 18 per cent jump since the last financial year. The company further reported a net loss of Rs 3,404 crore during the same fiscal. This is a 39 per cent increase from the last financial year, according to regulatory documents sourced from the business intelligence platform Tofler.

The company's total expenses for the fiscal were reported as Rs 54,580 crore compared to Rs 45,794 crore or about 19 per cent higher than the previous year. Expenses related to employee benefits, inventory costs, finance costs, and depreciation increased in FY22.

Flipkart Internet recently, posted a 31 per cent year-on-year jump in its revenue to Rs 10,659 crore for the financial year 2021-22 (FY22), even as its net loss widened 51 per cent to Rs 4,362 crore in this period. The company's total expenses for FY22 stood at Rs 15,020 crore, about 36 per cent higher than the previous year, mainly due to expenses related to order deliveries, advertisements and promotions, and employee benefits.

## HOW THEY HANDLE THERE EMPLOYEES DURING COVID

During the COVID-19 pandemic, Flipkart took several steps to support its employees and ensure their health and safety. Some of the measures taken by the company include:

- **Work from Home:** To reduce the risk of exposure to the virus, Flipkart encouraged its employees to work from home wherever possible. The company provided the necessary technology and support to enable employees to work remotely and maintain productivity.
- **Health and Safety Measures:** Flipkart also implemented several health and safety measures in its offices and fulfillment centers, including regular sanitization, the use of face masks and personal protective equipment, and social distancing measures. The company also conducted regular temperature checks and health screenings for employees.

- **Mental Health Support:** The COVID-19 pandemic has taken a toll on people's mental health, and Flipkart recognized the importance of supporting its employees in this area. The company provided access to mental health resources and support, such as counseling and wellness programs, to help employees manage the stress and uncertainty caused by the pandemic.
- **Financial Assistance:** Flipkart also provided financial assistance to employees who were impacted by the pandemic, such as those who were quarantined or had a family member who was affected by the virus. This support helped employees to manage their finances during a difficult time.

OVERALL, FLIPKART DEMONSTRATED A STRONG COMMITMENT TO ITS EMPLOYEES DURING THE COVID-19 PANDEMIC, AND THE MEASURES TAKEN BY THE COMPANY HELPED TO ENSURE THE HEALTH AND SAFETY OF ITS EMPLOYEES, WHILE ALSO MAINTAINING BUSINESS CONTINUITY.

# POLICIES OF INDIAN GOVERNMENT AND SUPPORT TO FLIPKART

The Indian government has implemented several policies to support businesses during the COVID-19 pandemic, including Flipkart. Some of the key measures taken by the government include:

- **Emergency Credit Line Guarantee Scheme:** The government launched the Emergency Credit Line Guarantee Scheme to provide financial support to small businesses, including e-commerce companies like Flipkart, during the pandemic. The scheme provided access to credit at a lower interest rate to help businesses to manage their finances during a difficult time.
- **Relaxation of FDI Regulations:** The government also relaxed foreign direct investment (FDI) regulations in e-commerce to provide support to the sector during the pandemic. This helped Flipkart, which is owned by Walmart, to access additional resources and support from its parent company during a difficult time.

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- **Support for Logistics and Delivery:** The government also provided support for logistics and delivery operations, including e-commerce, during the pandemic. This helped Flipkart to continue delivering products to customers during a time of disrupted supply chains and logistics challenges.

- **Tax Concessions:** The government also provided tax concessions and relief measures to businesses to help them manage their finances during the pandemic. These measures included reduced tax rates, extensions of deadlines for tax payments, and other measures to ease the financial burden on businesses.

OVERALL, THE INDIAN GOVERNMENT HAS TAKEN SEVERAL STEPS TO SUPPORT BUSINESSES, INCLUDING FLIPKART, DURING THE COVID-19 PANDEMIC. THESE MEASURES HAVE HELPED TO ENSURE THE SURVIVAL AND GROWTH OF BUSINESSES DURING A DIFFICULT TIME AND HAVE PLAYED A KEY ROLE IN SUPPORTING THE INDIAN ECONOMY DURING THE PANDEMIC.



**THANK YOU**

