

## A STUDY ON FINANCIAL PERFORMANCE USING RATIO ANALYSIS AT FLIPKART LTD

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### ABSTRACT

Financial performance analysis is a vital tool for assessing the operational efficiency, profitability, liquidity, and solvency of an organization. The present study evaluates the financial performance of Flipkart Ltd., one of India's leading e-commerce companies, using ratio analysis techniques. The research examines key financial indicators such as current ratio, quick ratio, debt-equity ratio, inventory turnover ratio, net profit ratio, return on assets, and return on equity to determine the company's financial health and sustainability. The study is based on secondary data collected from annual reports, financial statements, and published corporate records over a five-year period. The analysis helps identify strengths and weaknesses in financial management practices and provides insights into operational efficiency and resource utilization. Findings indicate that Flipkart has demonstrated significant growth in revenue and market expansion while continuously improving its asset utilization and working capital management. However, challenges related to profitability and increasing operational expenses remain critical concerns. The study concludes that effective financial planning, strategic investment decisions, and enhanced cost-control mechanisms can improve the overall financial performance of the company. The research contributes to understanding the financial dynamics of the rapidly growing Indian e-commerce industry and provides valuable recommendations for future business sustainability and competitiveness.

**Keywords:** Financial Performance, Ratio Analysis, Flipkart, Profitability, Liquidity, Solvency, E-Commerce, Working Capital Management, Financial Statements, Operational Efficiency.

### I. INTRODUCTION

Financial performance analysis plays a significant role in evaluating the effectiveness of managerial decisions and organizational sustainability. Financial statements provide essential information regarding profitability, liquidity, solvency, and operational efficiency, enabling stakeholders to assess business performance comprehensively [1]. Financial analysis assists investors in understanding the risk-return relationship of firms and supports informed investment decisions [2]. Ratio analysis has emerged as one of the most effective tools for interpreting financial statements and evaluating business efficiency [3]. It enables comparison of financial outcomes across different periods and organizations [4]. Liquidity ratios assess the capability of firms to meet short-term obligations [5]. Profitability ratios measure earnings generation capacity from available resources [6]. Solvency ratios determine long-term financial stability [7]. Activity ratios evaluate the efficiency of asset utilization [8]. Financial performance assessment contributes to strategic planning and resource allocation [9]. Sound financial management strengthens organizational competitiveness and sustainability [10]. Researchers have emphasized the importance of financial indicators in predicting future organizational growth and profitability [11]. The

increasing complexity of business environments has further enhanced the relevance of financial performance evaluation [12]. Digital transformation has also altered financial structures across industries, demanding continuous monitoring of financial efficiency [13]. Financial analysis provides a framework for measuring organizational success and identifying areas requiring improvement [14]. It remains an essential component of modern corporate governance and strategic management [15].

The Indian e-commerce sector has witnessed remarkable growth due to increased internet penetration, smartphone adoption, digital payments, and changing consumer behavior [16]. Flipkart has emerged as one of the leading e-commerce organizations in India by offering a wide range of products and customer-centric services [17]. The company has transformed retail operations through technological innovation and efficient supply chain management [18]. The rapid expansion of e-commerce has intensified competition among online retailers [19]. Consequently, analyzing financial performance has become essential for evaluating the sustainability of e-commerce businesses [20]. Previous studies have highlighted the importance of working capital management in enhancing profitability and operational efficiency [21]. Effective inventory management significantly influences organizational performance [22]. Capital structure decisions impact financial stability and shareholder value [23]. Profitability and liquidity remain key determinants of organizational success [24]. Financial ratio analysis facilitates performance benchmarking within the industry [25]. Strategic investments in logistics and digital infrastructure contribute to financial growth [26]. Revenue expansion must be supported by efficient cost management practices [27]. The dynamic nature of the e-commerce industry requires continuous financial monitoring [28]. Financial performance evaluation assists management in formulating future growth strategies [29]. Therefore, this study investigates the financial performance of Flipkart using ratio analysis techniques to provide meaningful insights into its financial position and operational effectiveness [30].

## II. LITERATURE SURVEY

Several researchers have examined financial performance analysis across different industries using ratio analysis techniques. Sharma (2011) analyzed financial performance using liquidity and profitability indicators and concluded that profitability performance was satisfactory despite liquidity challenges [1]. Singh and Gupta (2012) emphasized the role of financial indicators in evaluating industrial growth [2]. Zafar and Khalid (2012) observed that ratio analysis assists in understanding financial conditions but may be affected by accounting policies [3]. Ray (2012) investigated industrial performance and highlighted the importance of efficient asset utilization [4]. Dawar (2012) examined the relationship between corporate policies and financial performance [5]. Mistry (2012) identified debt-equity ratio and asset management as critical determinants of profitability [6]. Raphael (2013) stressed the significance of financial indicators in evaluating industrial success [7]. Hotwani (2013) analyzed sales and profitability relationships and reported varying financial outcomes [8]. Daniel (2013) applied ratio analysis and trend analysis to evaluate organizational financial strength [9]. Shende (2014) studied customer-oriented business performance factors [10]. Azhagaiah and Gounasegaran (2014) identified economic growth as a driver of industrial performance [11]. Buvaneshwari and Kanimozhi (2014) used financial ratios to assess corporate financial stability [12]. Idhayajothi et al. (2014) found that reducing operational expenses improves financial

performance [13]. Srivastava (2014) analyzed financial indicators influencing investment decisions [14]. Krishnaveni and Vidya (2015) highlighted the contribution of government policies to industry growth [15].

Further studies focused on capital structure and profitability relationships. Sarwade (2015) examined the effects of liberalization on financial performance [16]. Becker (2015) discussed global industry trends and future growth prospects [17]. Surekha and Krishnalal (2015) emphasized the importance of profitability enhancement strategies [18]. Maheswari (2015) analyzed liquidity and solvency indicators in organizational evaluation [19]. Agarwal (2015) compared financial performance across companies using leverage ratios [20]. Takeh and Navaprabha (2015) established a conceptual relationship between capital structure and profitability [21]. Jothi and Geethalakshmi (2016) employed statistical techniques to evaluate financial health [22]. Kumar et al. (2016) utilized Altman Z-score and ratio analysis to assess organizational stability [23]. Kaur (2016) highlighted the influence of operational efficiency on market performance [24]. Recent studies have emphasized digital transformation and e-commerce financial sustainability [25]. Working capital efficiency significantly affects profitability [26]. Inventory optimization improves operational effectiveness [27]. Financial leverage influences shareholder returns [28]. Strategic investments contribute to sustainable growth [29]. Ratio analysis remains a reliable tool for financial decision-making and performance evaluation [30].

### III. RESEARCH METHODOLOGY

The present study adopts a descriptive and analytical research design to evaluate the financial performance of Flipkart Ltd. using ratio analysis techniques. The research primarily relies on secondary data collected from annual reports, financial statements, company disclosures, industry reports, journals, and authenticated online databases. A five-year study period was considered to ensure comprehensive evaluation of financial trends and organizational performance. The selected period provides sufficient information to assess changes in liquidity, profitability, solvency, and operational efficiency. Secondary data were systematically collected, verified, and organized to facilitate effective financial analysis. The study focuses on financial statement analysis as an important tool for understanding the overall financial position of the company. Data collected from multiple sources were cross-verified to improve reliability and validity.

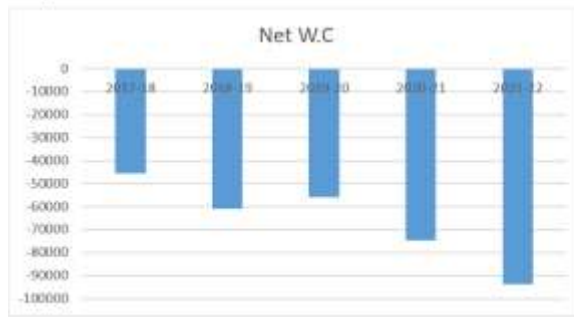
Ratio analysis was employed as the primary analytical tool for evaluating financial performance. Liquidity ratios such as current ratio and quick ratio were calculated to determine the company's ability to meet short-term obligations. Solvency ratios including debt-equity ratio and interest coverage ratio were used to assess long-term financial stability. Activity ratios such as inventory turnover ratio and working capital turnover ratio were analyzed to measure operational efficiency and resource utilization. Profitability ratios including gross profit ratio, net profit ratio, return on assets, and return on equity were computed to evaluate earnings performance. Trend analysis was also performed to identify growth patterns and financial variations across the study period. The findings obtained through these analytical tools were interpreted to understand strengths, weaknesses, opportunities, and financial challenges faced by Flipkart. The methodology provides a structured framework for assessing financial performance and generating practical recommendations for improving operational effectiveness, profitability, and long-term sustainability in the competitive e-commerce industry.

## IV. RESULTS & DISCUSSION

The analysis of Flipkart's financial performance reveals substantial growth in operational scale, market reach, and revenue generation during the study period. Liquidity ratios indicate that the company maintained a reasonable ability to meet short-term financial obligations, although fluctuations in working capital were observed due to expansion activities and increased inventory levels. Activity ratio analysis demonstrates improved asset utilization and efficient inventory management practices, contributing to enhanced operational effectiveness. Solvency indicators reveal a balanced capital structure with manageable debt levels that support business expansion without significantly increasing financial risk. Profitability ratios show gradual improvement in earnings performance; however, profitability remains constrained by substantial investments in logistics infrastructure, technology development, customer acquisition, and competitive pricing strategies. The trend analysis indicates consistent revenue growth driven by increasing digital adoption, expanding customer base, and diversification of product categories.

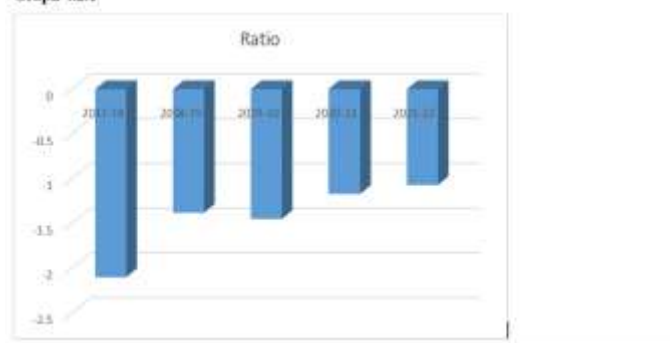
Year	Current Assets	Current Liabilities	Net W.C
2017-18	9887.3	55383.8	-45496.5
2018-19	12622.9	73374.8	-60751.9
2019-20	12453	68182.6	-55729.6
2020-21	20655.4	95166.4	-74511
2021-22	17369.8	110993.3	-93623.5

Graph -4.1.1



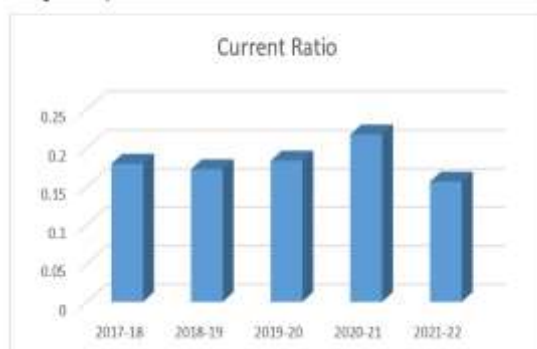
Year	Sales	Networking Capital	Ratio
2017-18	95588.9	-45496.5	-2.10
2018-19	83936.7	-60751.9	-1.38
2019-20	80780.2	-55729.6	-1.45
2020-21	87539	-74511	-1.17
2021-22	100615.8	-93623.5	-1.07

Graph 4.2.1



Year	Current Assets	Current Liabilities	Current Ratio
2017-18	9887.3	55383.8	0.179
2018-19	12622.9	73374.8	0.172
2019-20	12453	68182.6	0.183
2020-21	20655.4	95166.4	0.217
2021-22	17369.8	110993.3	0.156

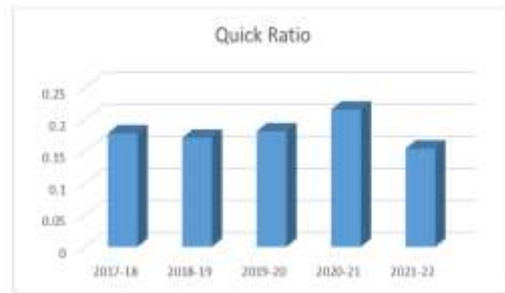
Graph 4.3.1



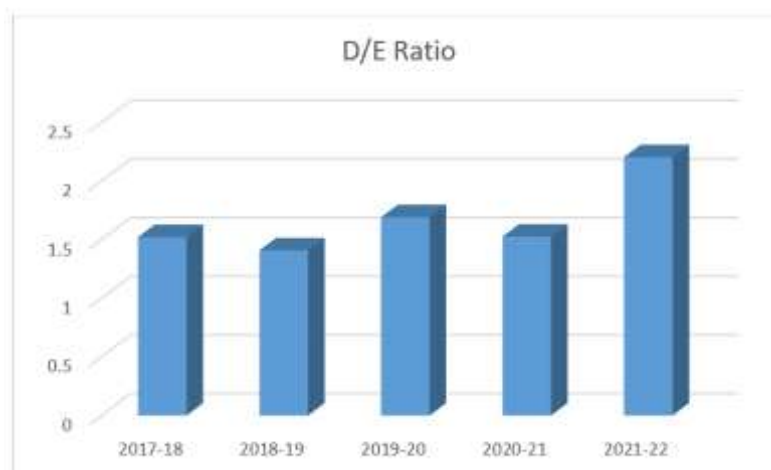
Furthermore, strategic investments in supply chain management and technological innovation have strengthened the company's competitive position within the Indian e-commerce market. Despite positive growth trends, operational expenses and intense market competition continue to affect net profitability margins. The findings suggest that while Flipkart has successfully expanded its market presence and operational capabilities, greater emphasis on cost optimization and resource efficiency is necessary to achieve sustainable profitability. Overall, the financial indicators demonstrate that Flipkart possesses strong growth potential, sound operational performance, and the capability to maintain long-term competitiveness within the rapidly evolving digital commerce ecosystem.

Year	Quick Assets	Current Liabilities	Quick Ratio
2017-18	9838.5	55383.8	0.178
2018-19	12553.6	73374.8	0.171
2019-20	12364.6	68182.6	0.181
2020-21	20498.5	95166.4	0.215
2021-22	17103.8	110993.3	0.154

Graph-4.4.1



Year	Total Debt	Net Worth	D/E Ratio
2017-18	102581.5	67456.3	1.521
2018-19	97898.9	69534.4	1.408
2019-20	120673	71422.2	1.690
2020-21	117619	77144.8	1.525
2021-22	129789.9	58952.7	2.202



## V. CONCLUSION

The study concludes that financial performance analysis serves as an effective mechanism for evaluating the operational and financial health of organizations. Through the application of ratio analysis techniques, the

financial position of Flipkart Ltd. was systematically examined with respect to liquidity, solvency, profitability, and operational efficiency. The findings reveal that Flipkart has achieved significant business growth through technological innovation, customer-centric services, and extensive market expansion strategies. The company has demonstrated effective asset utilization and strong operational capabilities, enabling it to maintain a leading position in the Indian e-commerce industry. Although profitability remains affected by substantial investments and competitive pressures, the organization has established a solid foundation for future growth and sustainability. The study also highlights the importance of efficient working capital management, prudent financial planning, and cost-control measures in enhancing financial performance. Continuous monitoring of financial indicators can support management in identifying potential risks and implementing corrective actions. Strategic investments in logistics, digital infrastructure, and customer engagement initiatives are expected to contribute positively to future financial outcomes. Furthermore, maintaining a balanced capital structure and improving profitability margins will strengthen long-term financial stability. Overall, the research demonstrates that ratio analysis remains a valuable tool for assessing organizational performance and supporting managerial decision-making. The recommendations provided in this study can assist Flipkart in improving financial efficiency, achieving sustainable profitability, and maintaining competitive advantage in the rapidly growing e-commerce sector.

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