

## **Project Report**

**“A Study on Performance of D-Mart Nagpur for the Period from  
2016-20”**

Submitted to

**G. S. College of Commerce & Economics, Nagpur**

Affiliated to

**Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur**

In partial fulfillment for the award of the degree of

**Bachelor of Business Administration**

Submitted by

**Sakshi K. Bawariya**

Under the Guidance of

**Prof. Ashima Varghese**

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**G.S. College Of Commerce & Economics, Nagpur**

**Academic Year 2022 – 23**



**G.S. College Of Commerce & Economics , Nagpur**

**Academic Year 2022 – 23**



## **CERTIFICATE**

This is to certify that “**Sakshi K. Bawariya**“ has submitted the project report titled “**A study on performance of D-Mart Nagpur for the period 2016-2020**”, towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination.

This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

**Prof. Ashima Varghese**

**(Project Guide)**

**Dr. Afsar Sheikh**

**(Co-ordinator)**

**Place:**

**Date:**

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**G.S. College Of Commerce & Economics, Nagpur**

**Academic Year 2022 – 23**



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**DECLARATION**

I here-by declare that the project with title “**A study on performance of D-Mart Nagpur for the period 2016-2020**” has been completed by me in partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

**Sakshi K. Bawariya**

**Place:**

**Date:**

**G.S. College Of Commerce & Economics , Nagpur**

**Academic Year 2022 – 23**



## **ACKNOWLEDGEMENT**

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. S.S Kathaley, Principal, G.S. College of Commerce & Economics, Nagpur.

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I will fail in my duty if I do not thank the Non-Teaching staff of the college for their Co- operation.

I would like to thank all those who helped me in making this project complete and successful.

**Sakshi K. Bawariya**

**Place:**

**Date:**

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# **INTRODUCTION**

## INTRODUCTION

Indian retail industry is under transition today, bringing a lot of transformations in retailing business. The shoppers enjoy the privilege of shopping the goods and services required by them in a variety of formats to meet their expectations. In this context, they perform various functions like sorting, breaking bulk, holding stock, as a channel of communication, storage, advertising and certain additional services. The emergence of organized retail in India dates back to the pre-independence era when the country's established business houses, mostly textile majors, ventured into the retail arena through company-owned or franchisee outlets.

The objective of this paper is to discuss and present the case of DMart retail chain and provide insights about their success in India. The Indian retail industry is emerging as one of the most dynamic and growing industries due to the market size and economic power. DMart is increasingly profitable retail supermarket chain in India that aims to offer customers a wide range of basic home and personal products under one roof with an objective to offer good products at great prices. Customers prefer DMart for better value for money and masses of discounts than their competitors. Their target customers are middle-income groups and families who are aspiring to meet most regular consumer needs. DMart is termed as Indian Wal-Mart and this accomplishment is largely due to their business philosophy, long-term vision, pricing strategy, cautious focus, regimented model, ACT formula, innovative planning and product categories. DMart's financial and market success is due to three major pillars, they are customers, vendors and employees. The data is collected from customers and employees using the questionnaire and interviews to build up qualitative inferences. While the financial and market reports are collected from authenticated sources. This case also discusses the qualities, lessons and reasons for the success of DMart in India

The Retail revolution in India can be explained in four stages as below:

1.	Initiation	Pre 1990	It was essentially dominated by manufacturers establishing their presence in retail
2.	Conceptualization	1990 - 2005	This time around it was not the manufacturer looking for an alternative sales channel, but pure play retailers who entered the retail market, to expand pan-India
3.	Retail Expansion	2005 - 2010	This is perhaps the most active phase of the Indian retail industry in terms of growth, entry of new players and development of new formats.
4.	Consolidation and Growth	2010 onwards	Considering the challenges and competition faced by the industry at present, retail chains are likely to focus on consolidations and growth



# **COMPANY PROFILE**

## **ABOUT THE COMPANY**

DMart is a chain of supermarkets run and managed by Avenue Supermarts Ltd established in the year 2000 in Mumbai. Initially, DMart started as a single store in the year 2000 with the aim of providing the lowest-priced goods to consumers among its competitive peers.

Since then, it went onto expanding its footprints, providing its customers with an exceptional shopping experience, confident that they can rely on the quality of its offerings at such discounted prices.

It is owned by R. K. Damani who is also one of India's most respected inventors and it is headquartered at Mumbai, Maharashtra.

Today, DMart has become synonymous with the word "supermarket" and it is also regarded as the "Walmart of India" as it offers a wide range of product categories right from groceries to clothes as well as manufacturing and producing some of the products under its brand name. DMart is a listed on the NSE and BSE stock exchanges under the name of 'Avenue Supermarts' and is valued at around 1.95 lakh Crores. It also has five subsidiaries to its name that work towards the smooth functioning of DMart and Avenue Supermarts Limited entity as a whole.

## ABOUT THE FOUNDER

Famously known as Mr. White and White; **Radhakishan Damani** is a Stock market Investor, Stockbroker, Trader and the Founder & Promoter of Dmart. His retail chain accounts for 91 stores across India and is the third biggest in the industry.

**R.K. owns 52% stake** in the parent company of Dmart called – Avenue Supermarts, and Bright Star Investments- his investment company, holds another 16% stake.

Much before Dmart happened; RK was known to be an ace investor in the stock market much like Rakesh Jhunjhunwala himself. He is someone who goes on to buy extremely cheap stocks which although hold potential but yet, nobody wants to buy, and hold on to them for a very long term.

At **98<sup>th</sup> position on Forbes** list of the wealthiest, he is **valued at \$1.1 Billion**, which let me tell you, has been earned all from absolutely almost no wealth.

He is widely known for maintaining a low profile in media, and literally, very little is known of the man. He likes to let his work speak for itself, and it indeed speaks volumes.

But outside that community, even in the larger business circles, few know about him.

The information is so less that, if you search for RK Damani on the internet, one might often find information about his more high-profile friend Ramesh Damani.

## **DMART: THE INDIAN RETAILER CHAIN:**

### **Growth Milestones of DMart:**

Since the time R. K. Damani was an investor, he liked the consumer business and was seen investing in similar stock too! So he always had a strong affinity to start something in the same sector and in 1999, when retailing was far from reality, at least in India. The early days of the business were all about intensive learning, understanding the customer's mind set and accordingly creating a store layout, billing systems, gaining the confidence of vendors. Within a year, they decided to apply the model to multiple locations as well. In 2007, DMart began its expansion and went on to open various stores in Ahmedabad, Baroda, Pune, Sangli and Solapur. Their expansion strategy followed a collective approach and was designed in such a way that they used the local vendor support.

By 2016-17, DMart had soared its revenues from Rs. 260 crores in 2006-07 to Rs. 3,334 crores, making them India's third-largest branded retail chain. The beauty here was that, what Future Group with 1000 stores was clocking (turnover of Rs.14,201 crores), and Reliance Retail was clocking (Rs.10,800 crores) with 1450 stores; DMart was achieving with just 65 stores, which weren't pan India. Their sales per store was somewhere close to Rs. 53 crores, while Reliance was making around Rs. 7.45 crores per store. In just a span of 13 years, DMart had also managed to achieve profitability around 2.5 %.

By 2018, they had reached to account for 73 stores across Maharashtra, Gujarat, Hyderabad and Bangalore. The company has been growing robustly despite a slowing economy and were also crossing the Rs. 100-crore mark in profits. At a time when other retailers were finding ways to cut costs or slow down, DMart was on an expansion drive to open more supermarkets.

Moving on to 2019-20, with revenues worth Rs. 6450 crores, DMart booked a profit of Rs. 211 crores in FY16-20, which was higher than Reliance Retail's Rs. 159 crores and Future Retail's Rs. 153 crores.

DMart now accounts 91 stores spread across 26 cities including states of Maharashtra, Gujarat, Telangana, Andhra Pradesh, Madhya Pradesh and Karnataka, Since its initiation, DMart became the first retailer to cross the billion dollar market profitably.

### **Every Day Low Price:**

Mart wants to create an image amongst the masses of a discount store that offers most of the products from across all major brands. Basically, a store that offers value for money. Now, since people mostly come to DMart because they all what they need under one roof, DMart stores are operational in high traffic areas and across three formats including Hypermarkets, that are spread across 30,000-35,000 sqft, Express format, that is spread over 7,000-10,000 sqft and lastly, the Super Centers, that are set up at over 1 lakh sqft.

- No matter where it operates, the prices that DMart offers are 6-7 % lower than its competition. What lets it achieve such pricing tactics is its operational style.
- Out of the all the stores it runs, DMart owns majority of the properties, which helps them to save a huge chunk of money on rent.
- They also avoid opening stores inside malls unlike other hypermarkets to avoid high CAM (Common Area Maintenance) charges and highly inflated rents.
- Most DMart stores are in the suburbs in the metros and in tier II & tier III cities, the operational costs remain low.
- DMart also saves a good amount of 2-3% from the suppliers by paying them upfront in about 48 hours of delivery, when all other organized retailers, buy goods on credit of 30-60 days.
- Unlike bigger retailers, costs are further kept low by keeping a basic and economical layout without any flashy interior.
- Given its size, DMart also manages to keep its financials at check and grounded too. They have kept their debts and a bare minimum and have also cut their advertising budgets by 30-40 % in the last couple of years to save costs.

There is an unsaid rule in the market that, “one must not open any store within a 1km radius of DMart, simply because, no one can beat them on prices.” but DMart’s cost efficiency model is practically very difficult to replicate. One a larger scale, it is not possible for bigger chains to own stores because, it requires huge capital expenditure, and this method is only affordable till the time you’re a small chain, which is why DMart is growing slowly.

Using such strategies, DMart has managed to reach profitability much before any other peers.

A winning formula making products available at Every Day Low Price (EDLP) is D-Mart’s winning formula in value retailing. For EDLP, the company focuses on Every Day Low Cost (EDLC).

## **STRATEGIES ELEMENTS OF DMART:**

### **Strategies for Success of DMart:**

#### **Strategy 1:**

**Full Ownership of Space:** Majority of the known names like Big Bazaar, Star Bazaar, Hyper city, More etc. have a good number of stores located in malls which is rented space. This is done to benefit from customer footfalls & also because the initial investment is much lesser, since good malls only give out spaces on rent which is significant and becomes a fixed operational cost month on month. DMart have their own properties.

#### **Strategy 2:**

**Low Margin and High Volume:** FMCG business is based on low margin and high volume business. The better way to attract the Indian consumers is by offering more discounts. DMart bought good volume of goods from the distributors and instead of requesting them to extend a credit line to DMart. They assured Payment of Goods in about 15 days. Other players work usually on a 60-day credit line. No comparable competitor competes with DMart on this and DMart gets extra margin for quick cash. Behind the scenes, this fast turnover is what it uses to negotiate with wholesalers and companies for better prices. This doesn’t mean arm-

twisting suppliers though. In fact, payment to most suppliers is arranged fortnightly. This is among the shortest credit periods in any industry.

### **Strategy 3:**

**Low Private Brands:** They offer a lesser array of top brands for a particular product when compared to other shopping malls. This is because, they contract people to directly manufacture products. This ensures elimination of distributors and middlemen. Now since, they have volume bargaining & cash power, they negotiate best margins. Some of which are passed to the customer and remaining become profits along with better control on the supply chain. Similarly, contrary to other chains, it does not have private labels, nor does it offer a wide choice of brands in each segment. The focus is clear: daily consumption goods + known brands only + limited options = ultra-fast turnover.

### **Strategy 4:**

**Elimination of Intermediaries:** DMart uses bargaining power to negotiate with top brands by eliminating distributors. While, the best of brands make an exception for them because the sales volume is too large to ignore. This strategy has caught up with other retailers too.

### **Strategy 5:**

**Value Based Management and Team:** They have a wonderful top management and employee team. They have developed the unique value proposition for their organization and employees to perform better which contributed to the growth of the DMart.

### **Strategy 6:**

**Cautious Business Focus:** Other retail companies have expanded quickly into multiple segments with differentiated retail chains; D-Mart's sales mix is largely limited to food, groceries and daily products. Categories like high-end electronics, jewellery and watches which companies like Reliance have forayed into and which make up as much as 25% of Indian consumer spending is something the company stays far away from. DMart thrives on low margins and, to a certain extent; D-mart is built around this philosophy. Industry

executives call it their three step business model as “Start with low-cost products that consumers need on a daily basis and that you can sell for slightly below MRP. This allows to rack up a great inventory turnover ratio. Then use that quick inventory turnover to negotiate better prices with wholesalers which supports to get low prices”

**Strategy 7:**

**Different Duckling Approach:** Private labels and top-end products bring in higher margins but saddle companies with inevitably higher inventory turnover. Offering multiple brands of the same product also leads to similar outcomes, which is why the assortment of products and variety of brands that one finds at a D-Mart store is often limited when compared to other retail stores.

**Strategy 8:**

**Assembly Chain of Sales:** They want the products are converted into sales as fast as possible because of this, they are able to avoid the high-stakes, perennial discount game that other retailers often get trapped in. Customers who walk into a DMart store understands that they are getting a no-frills approach but also know that most food item and groceries on offer will be 6% to 12% cheaper than what they will find at other stores. In some cases, certain products will be 10% below MRP.

**Strategy 9:**

**Regimented Business Model:** Much of the company’s focus, as well as comparisons to Walmart, stems from decision to follow a store-ownership model. The company has spent over Rs 23 billion on acquiring land and buildings but either owns most of its stores or has them on a 30-year long-term lease. This is, in part, what has forced it to rack up debt of a little over Rs. 1000 crores; a certain amount of its IPO proceeds have been allocated towards repaying this debt.

**Strategy 10:**



**Particular Location as per Density:** While competitors head to India's rapidly-growing malls because that's where consumer spending is highest, D-Mart hasn't and doesn't ever plan on opening a store in a mall. As other retailers are experimenting with a wide range of formats and geographic locations, D-Mart sticks to what it knows best. It uses one of two formats of stores whose size is calculated based on location and shopper density. The company is also extremely reluctant to expand geographically. Until 2014, it had stores only in four Indian states. Over the last three years, it has expanded into five more states but is still conspicuously absent in the NCR region and other high consumer spending states like Tamil Nadu. This strategy pays off for the company.

#### **Strategy 11:**

**Conscious Pricing Approach:** D-Mart operates on pricing and discounts. Consumers are offered a minimum 3% discount on every product off its shelf, and in some cases the discount is as much as 10% off MRP. As we will see, it influences all decision-making for the chain.

#### **Strategy 12:**

**Lowest Product Inventory Turnover:** Profitability in retail is driven by a combination of profit margins and inventory turnover. With price as the differentiator, profit margins on individual items will be squeezed (its gross margin is only about half of its competitors). Hence, D-Mart operates in limited product segments mainly food and groceries. Most other retail chains have expanded into high-end segments too, but D-Mart has stayed away from them to keep inventories low and inventory turnover high.

#### **Strategy 13:**

**Diligent Cost Control:** It has been another key focus area of DMart. Unlike its peers in the retail space, DMart has steered clear of exuberant spending on marketing and advertising. It has simple store plans and has never set up fancy stores in malls or launched multiple formats and categories. Instead, it moved forward taking measured steps. It owns most of its stores or has them on 30-year long-term leases. This has brought down costs further as real estate rents

revenues to some degree. Besides avoiding swift and costly expansion strategies to gain market share, DMart has also avoided forking out astronomical pay packages to top honchos. In fact, it does not hire high profile executives like its competitors.

#### **Strategy 14:**

**Low Cost Promotional Methods:** DMart advertises mainly about its store openings, and occasionally about the prices. Also, because the combination of product lines and prices offered by the store will build habitual visits hence the promotion has a limited role.

#### **Strategy 15:**

**Emphasis on Fast Moving Products:** The idea behind launching DMart stores was simple, It cater to the growing middle-class's daily household needs by purveying groceries, vegetables, electronics and apparel at ultra-competitive prices. On the lines of global retail giant Wal-Mart's everyday low prices, DMart also started offering Every Day Low Price and Every Day Low Cost. It proved to be its biggest unique selling point and till date is the sole reason behind housewives and other bargain hunters making a beeline for its stores. This has resulted in high inventory turnover, particularly in the food segment which sees over half the demand, and thus even with low profit margins, the retail chain has managed to flourish. Further, DMart's tight and a relatively small assortment has also helped it arrest losses from wastage.

#### **Strategy 16:**

**Stringent Distribution System:** Since location is the most expensive and critical decision in retail, D-Mart ensures it doesn't burn money by a compact supply chain and staying away from malls. The concentrated supply chain means not spreading their footprint far and wide. In fact, until 2016, it was present only in 4 states. It follows a policy of opening 75% of its new stores in existing states or markets. In terms of formats too, it has limited itself just to 2 size formats, and choosing between them is based on location and shopper density. While, not being in malls helps the chain to keep retail costs low. It also believes in owning the retail

space so that rental costs are low. In places where owning is not possible, the store is on 30-year leases.

**Strategy 17:**

**Maintaining Loyal Consumers:** One of the primary reasons for DMart's dedicated customer base is its low prices. For one, there is a minimum 3% discount on every product off its shelf. Secondly, the store decor is simple, even for the ones situated in urban localities this does not drive away any strata of consumers and they keep returning. This, coupled with low prices, means that bulk buying is a very common phenomenon, on the demand side.

# **LITERATURE REVIEW**

According to Avinash and B.V Sangvikar(2019), their objective is to provide insight about Dmart success of in India and their conclusion is D-mart techniques and strategies it uses for cost efficiency and higher sales and D-mart has restricted segmentation, this made D-mart more profitable

According to M.Guruprasad(2018), Director research, Universal Business School , Concluded there was 50-50 opinion from customers of Badalpur and Karjat about online offering D-mart products and D-marts mainly faces the competition from small shop which deal in single variety of commodity

According to Muhammad Sabbir Rahman , there is a strong relationship between consumer perception and behaviour in selecting a super market when age, gender and income play a mediating role. In addition it is also found that consumers age differences have the highest influence on their buying behaviour.

According to Rajiv Lal,Ram Rao(1997) ,Everyday low pricing strategy has proved to be a successful innovation resulting in higher profits to super markets adopting it in competition with promotional pricing

According to Howard Smith(2004),Multistore firms are common in the retailing industry project suggests that cross elasticity between stores of the same firm enhance market Profit margins for each chain, a survey of consumer choices and the data set of store characteristics are taken into consideration to estimate a model of consumer choice. gadgets such as mobile phones presence and empirical study that examines the effects of the background music on instore shopping behaviour.It finds that music tempo variations can significantly affect the pays of instore traffic flow and dollars sales volume.

# **RESEARCH STUDY**

## **OBJECTIVES**

- To show the increment of DMart with the help of ratios.
- To study the stock market trend.
- To study the consumer behaviour towards Dmart.

## **NEED OF THE STUDY**

- The study will show the overall study of Dmart.
- This will help to study the various strategies of DMart and the effectiveness in smooth working of its outlets.
- This will help to understand the customer satisfaction.
- Basic ratio will be calculated to understand the financial position of the company.
- The upcoming implementation of DMart.



## **HYPOTHESIS**

H0 : DMart is not an established brand.

H1 : Dmart is a top established brand.

H0 : It shows a negative increment trend in revenue.

H2 : It shows a positive increment trend in revenue.

## RESEARCH METHODOLOGY

**The sources of data collection methods are as follows:-**

### **Secondary data:-**

Secondary data are those data which are already collected by someone for some purpose and are available for the present study; secondary data are already collected by the company's records and other library's books. When the secondary data are sufficient, the researcher has to be satisfied with the primary sources of data. Secondary data, can be used as bases for comparison with primary data have been collected by questionnaire.

**Secondary data:** Magazines, Newspapers, Websi.es, Books, E-Journals.

**DATA ANALYSIS  
AND  
INTERPRETATION**

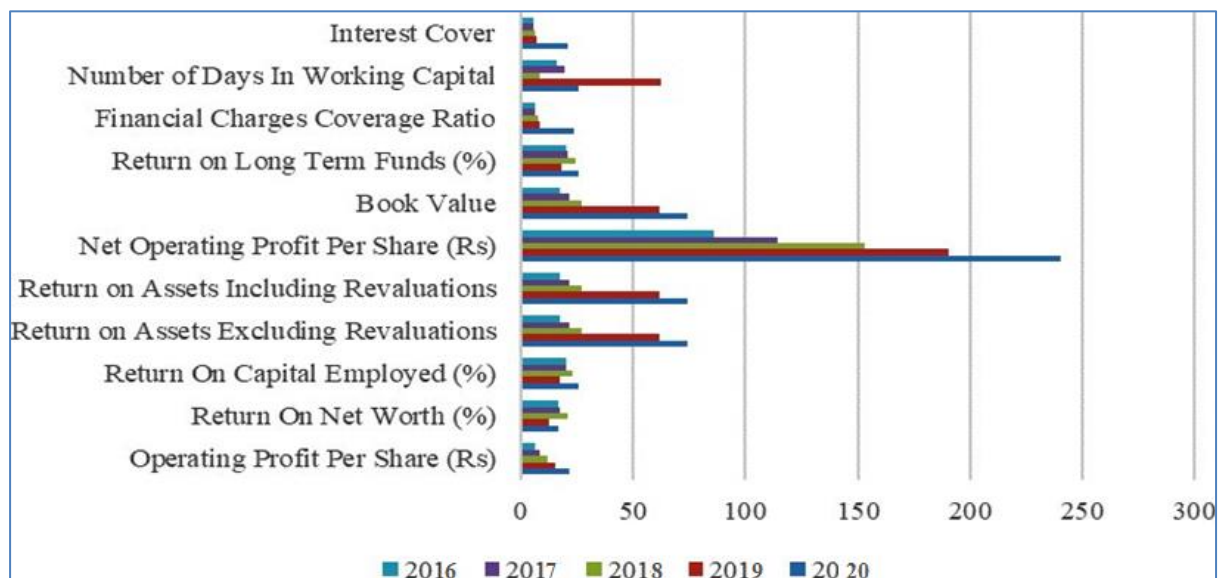
**TABLE 1: FUNCTIONAL RATIOS OF DMART**

<b>Factor/Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Operating Profit Margin (%)	7.02	7.04	7.65	8.11	8.91
Profit Before Interest And Tax Margin (%)	5.80	5.77	6.50	7.03	7.84
Gross Profit Margin (%)	5.80	5.79	6.52	7.05	7.87
Cash Profit Margin (%)	4.51	4.52	4.82	5.10	6.22
Adjusted Cash Margin (%)	4.50	4.52	4.82	5.10	6.22
Net Profit Margin (%)	3.20	3.27	3.70	4.06	5.22
Current Ratio	1.25	1.56	1.17	2.77	2.77
Quick Ratio	0.47	0.48	0.45	2.47	1.23
Debt Equity Ratio	0.52	0.62	0.68	0.29	0.05
Inventory Turnover Ratio	12.11	12.14	12.99	12.73	13.08
Investments Turnover Ratio	12.11	12.14	12.99	12.73	13.08
Fixed Assets Turnover Ratio	3.38	3.57	3.98	4.35	4.16
Total Assets Turnover Ratio	3.25	3.33	3.39	2.41	3.07
Earnings Per Share	2.92	3.75	5.66	7.73	12.57

2016 to 2020 except for the debt equity ratio and total asset turnover ratio. It is because DMart invest in buying the space for business rather than renting it.

**Table 2: Operating Ratios of DMart**

Factor/Year	2016	2017	2018	2019	2020
Operating Profit Per Share (Rs)	6.13	8.07	11.69	15.44	21.43
Return On Net Worth (%)	16.79	17.66	21.02	12.57	16.90
Return On Capital Employed (%)	20.31	20.34	22.87	17.58	25.63
Return on Assets Excluding Revaluations	17.38	21.24	26.92	61.48	74.39
Return on Assets Including Revaluations	17.38	21.24	26.92	61.48	74.39
Net Operating Profit Per Share (Rs)	85.61	114.57	152.71	190.38	240.49
Book Value	17.38	21.24	26.92	61.48	74.39
Return on Long Term Funds (%)	20.42	20.63	23.94	18.03	25.67
Financial Charges Coverage Ratio	6.40	6.59	7.42	8.17	23.73
Number of Days In Working Capital	15.95	19.49	8.25	62.20	25.92
Interest Cover	5.38	5.47	6.35	7.13	21.13



**Interpretation:** all the operating ratios and values shows the positive incremental trend from 2016 to 2020.

**Table 3: DMart Stock Price Trend**

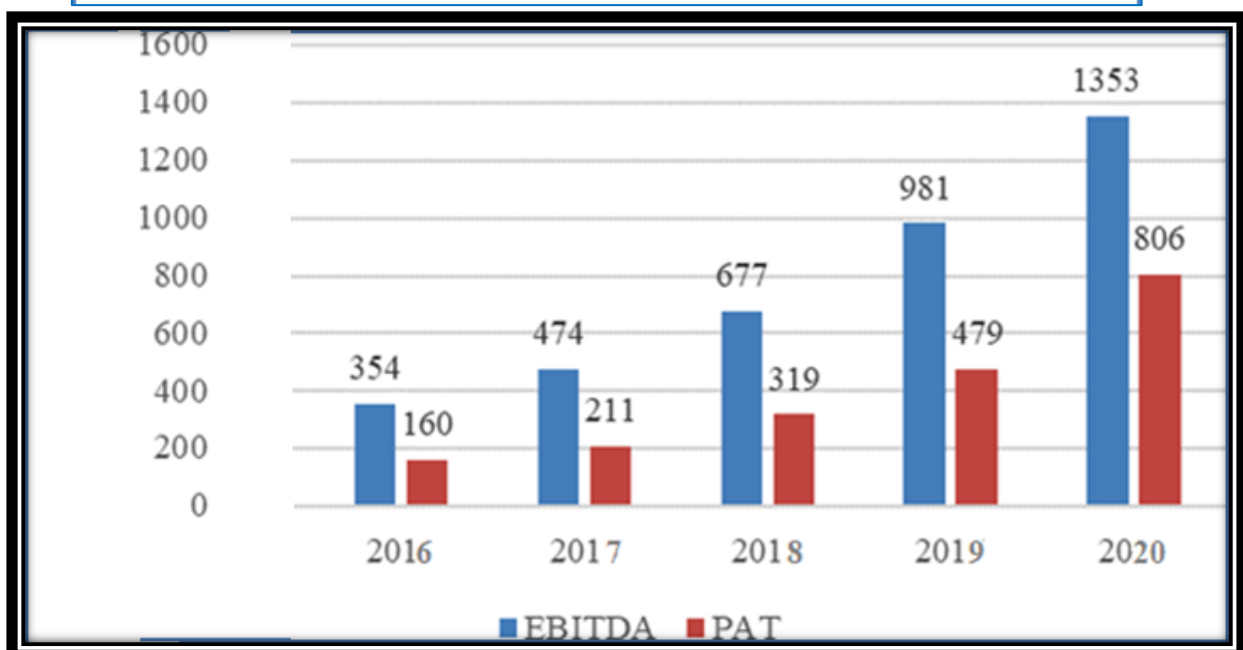
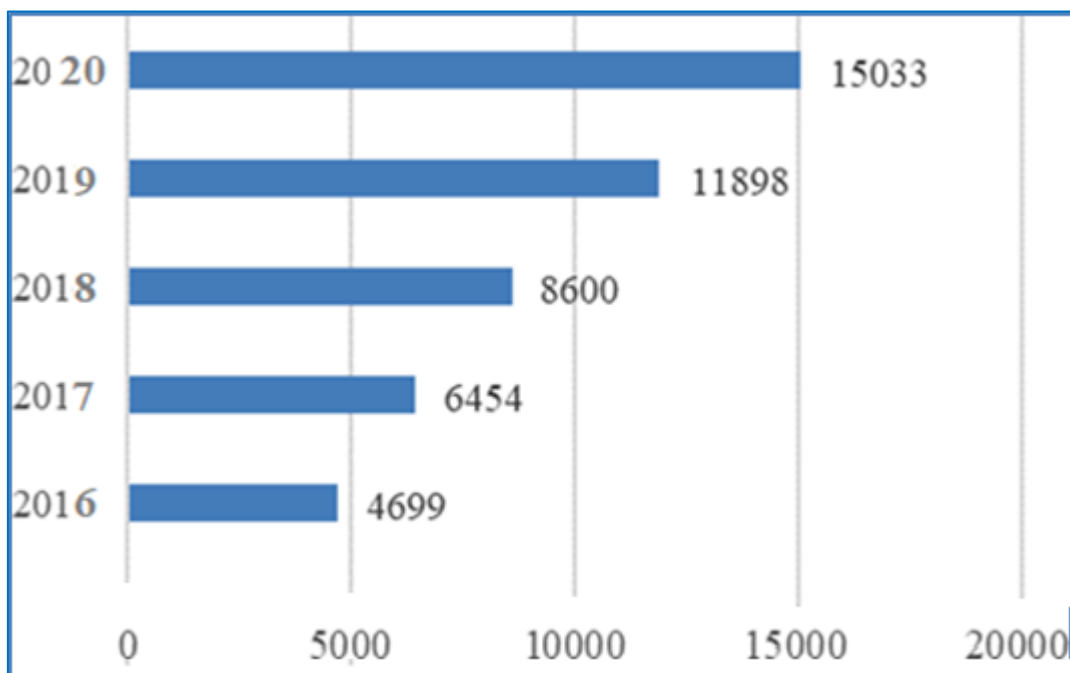
The ₹ 2317 price mentioned is from 2016 to the end of June 2020. ₹ 3344 was the share price at the end of June 2020 and so on.



DMart	Share Price	Rise / Fall
IPO Share Price	299	
Listing Share Price	641	114.38%
2016 Share Price	815	27.15%
2017 Share Price	1485	82.21%
2018 Share Price	1398	-5.86%
2019 Share Price	2317	65.74%
2020 Share Price	3344	44.32%

**Table 4:** DMart Revenue, EBIT and PAT Trend

YEAR	Revenue	EBITDA (CR)	PAT (CR)
2016	4699 CR	354	160
2017	6454 CR	474	211
2018	8600 CR	677	319
2019	11898 CR	981	479
2020	15033 CR	1353	806



**Interpretation:** There is a positive growth in stock price, earnings before interest, tax, depreciation and amortization (EBITDA) and profit after tax (PAT).

**Table 5:** Consumer Perception for DMart

Consumer Perception	Average
Prices are lower	4.6
Value for money	4.3
Better offers and discounts	4.2
Good quality of products	4.0
Availability of products	3.8
Variety of products	3.7
Location is convenient	3.6
Fast service	3.6
Well trained staff	3.6
Employees are helpful	3.5
Good facilities	3.2



**Interpretation:** It signifies that, the majority of consumers has a perception and prefers DMart due to low prices, value for money and better offers and discounts.



## **FINDINGS AND SUGGESTIONS**

All the functional and operating ratios and values for DMart shows the positive incremental trend from 2016 to 2020.

All the functional and operating ratios and values for DMart shows the positive incremental trend from 2016 to 2020.

The stock price trend show the positive growing trend in just a period of one year from 2017 to 2018.

The revenue, EBITDA and PAT shows the incremental trend for DMart from 2016 to 2020.

The major reasons for consumers to visit the DMart is low prices, better value for money and more offers and discounts.

DMart continues to have a net profit margin of 3.5%. The initial public offering (IPO) rocked the stock market like no other. On day one, share prices doubled and by the time the initial public offering (IPO) closed, it was oversubscribed by over 100 times. Its IPO was over-subscribed and then it got listed at more than 100% premium of its subscription price. And it has also made its promoter R.K. Damani the wealthiest retailer in India. DMart's stock the most expensive among retail stocks in the world.

DMart is successful by following a viable modus operandi that helps control costs and rake in profits. Profits enable them to fund expansions and capture greater market share. Following this simple and logical strategy, home grown retail chain DMart has quietly stolen a march over all its formidable competitors over the years to taste phenomenal success.

It may appear strange that while buzz is so strong around India's e-commerce industry and companies like Flipkart and Amazon, the best-performing IPO in recent corporate history is a brick-and-mortar supermarket and yet, D-Mart's stringent focus on profitability offers lessons to both physical and online retailers, both of which have stumbled in the last few years. After burning through billions in venture capital funding and thousands of layoffs, India's e-commerce industry is finally growing up and shifting towards a focus on profitability.

## **CONCLUSION**

## CONCLUSIONS

DMart's case study creates awareness about the techniques and strategies it uses especially for cost efficiency and higher sales. Their strategy has marked difference from nearly every other Indian retailer. Whereas other companies have expanded quickly into multiple segments with differentiated retail chain, DMart has restricted segmentation. This makes DMart more profitable than others. It has certain challenges but the founder is always prepared with some out of box strategy and gives stellar performance. Majority of the customers of DMart are middle income families and they prefer it for price, value for money and offers and discounts. The inferences drawn from the case may lead to possible understanding of a company's performance, the way it differentiates from its competitors. The company is working on its dilemma by pilot testing some online services & home delivery services in metro cities keeping in mind its cost efficiency.

The case study of DMart helps students get a better knowledge of the techniques and strategies that the company employs, particularly in the areas of cost efficiency and sales growth. It is clear that there are significant disparities between their corporate model and the business philosophy of practically every other indian retailer. The company's consumer base is more restricted when compared to comparable firms that have rapidly expanded into different countries while keeping a separate retail chain, such as Walmart and Target. As a consequence, DMart has much higher profit margin than its competitors. Despite the fact that it faces a number of difficulties, the creator is always prepared with some fresh ideas and generates amazing results. Middle class families make up the vast majority of DMart's client base, and they choose the firm for a variety of reasons, including its low prices, fantastic value for money, regular special offers and discounts, among others. Students may benefit from the insights gained from the case study since they will get a better knowledge of company's performance as well as the

ways in which it differentiates itself from its rivals. Meanwhile, the company is working to find a solution to this challenge by trial testing alternative online services and home delivery services in major metropolitan areas, while maintaining a focus on cost effectiveness. DMart prioritizes profitability of existing shops before launching any new ones, and it places a strong emphasis on product quality before procuring it. Additionally, its supply chain is far less expensive than the industry average. The positive relationship that DMart has with its suppliers allows the company to conduct its procurement activities more efficiently.

## LIMITATIONS

- The stock market price went on a decline in the year 2019-2020.
- The study is between 2016 to 2020 year.
- Only secondary data has taken.
- Researcher only visits the Nagpur region 2 outlets of DMart.

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# **ANNEXURE**

<b>EQUITIES AND LIABILITIES</b>	<b>BALANCE SHEET OF DMART</b>				
<b>SHAREHOLDER'S FUNDS</b>					
Equity Share Capital	624.08	561.54	561.54	546.75	544.06
<b>TOTAL SHARE CAPITAL</b>	<b>624.08</b>	<b>561.54</b>	<b>561.54</b>	<b>546.75</b>	<b>544.06</b>
Reserves and Surplus	3,217.70	958.90	637.65	408.82	245.48
<b>TOTAL RESERVES AND SURPLUS</b>	<b>3,217.70</b>	<b>958.90</b>	<b>637.65</b>	<b>408.82</b>	<b>245.48</b>
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>3,841.79</b>	<b>1,520.44</b>	<b>1,199.19</b>	<b>955.57</b>	<b>789.54</b>
Minority Interest	0.15	0.10	0.05	0.01	0.30
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	980.92	908.47	713.78	456.84	371.16
Deferred Tax Liabilities [Net]	50.58	39.87	30.51	26.51	20.10
Other Long Term Liabilities	1.38	16.17	16.08	12.44	13.39
Long Term Provisions	0.18	0.17	0.13	0.08	0.04
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,033.07</b>	<b>964.68</b>	<b>760.50</b>	<b>495.87</b>	<b>404.69</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	138.85	128.57	43.69	54.66	62.37
Trade Payables	260.66	194.44	118.51	122.59	94.39
Other Current Liabilities	536.62	287.87	215.03	170.13	134.60
Short Term Provisions	8.22	5.45	17.83	8.81	6.20
<b>TOTAL CURRENT LIABILITIES</b>	<b>944.35</b>	<b>616.33</b>	<b>395.07</b>	<b>356.20</b>	<b>297.55</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>5,819.35</b>	<b>3,101.55</b>	<b>2,354.81</b>	<b>1,807.65</b>	<b>1,492.07</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					

Tangible Assets	2,571.31	2,089.18	1,524.09	1,168.07	921.58
Intangible Assets	6.44	4.34	3.99	3.62	3.08
Capital Work-In-Progress	152.89	81.69	98.12	88.78	118.11
<b>FIXED ASSETS</b>	<b>2,730.64</b>	<b>2,188.86</b>	<b>1,626.20</b>	<b>1,260.47</b>	<b>1,042.77</b>
Non-Current Investments	21.52	13.82	14.56	15.24	15.95
Deferred Tax Assets [Net]	0.07	0.00	0.00	0.00	0.00
Long Term Loans And Advances	0.00	0.00	80.16	42.58	52.62
Other Non-Current Assets	88.51	109.14	0.21	0.01	0.01
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,840.75</b>	<b>2,311.82</b>	<b>1,721.13</b>	<b>1,318.30</b>	<b>1,111.35</b>
<b>CURRENT ASSETS</b>					
Current Investments	4.17	1.86	0.67	0.30	0.01
Inventories	947.90	671.69	539.61	378.33	276.23
Trade Receivables	21.00	8.42	7.07	9.54	13.29
Cash And Cash Equivalents	1,884.29	35.10	38.04	55.41	61.62
Short Term Loans And Advances	0.00	0.98	48.14	45.48	29.47
OtherCurrentAssets	121.25	71.70	0.15	0.29	0.11
<b>TOTAL CURRENT ASSETS</b>	<b>2,978.61</b>	<b>789.73</b>	<b>633.69</b>	<b>489.35</b>	<b>380.72</b>
<b>TOTAL ASSETS</b>	<b>5,819.35</b>	<b>3,101.55</b>	<b>2,354.81</b>	<b>1,807.65</b>	<b>1,492.07</b>
<b>OTHER ADDITIONAL INFORMATION</b>					
<b>CONTINGENT LIABILITIES, COMMITMENTS</b>					
Contingent Liabilities	0.00	0.00	0.00	0.00	0.00
<b>BONUS DETAILS</b>					

Bonus Equity Share Capital	0.00	0.00	0.00	0.00	0.00
<b>NON-CURRENT INVESTMENTS</b>					
Non-Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00
Non-Current Investments Unquoted Book Value	0.00	13.82	14.56	15.24	15.95
<b>CURRENT INVESTMENTS</b>					
Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00
Current Investments Unquoted Book Value	4.17	1.86	0.67	0.30	0.01

<b>INCOME</b>		<b>PROFIT &amp; LOSS STATEMENT OF DMART</b>				
<b>REVENUE FROM OPERATIONS [GROSS]</b>	<b>12,717.71</b>	<b>9,150.53</b>	<b>6,870.15</b>	<b>4,994.80</b>	<b>3,558.87</b>	
Less: Excise/Sevice Tax/Other Levies	859.30	593.22	450.99	324.89	231.93	
<b>REVENUE FROM OPERATIONS [NET]</b>	<b>11,858.42</b>	<b>8,557.30</b>	<b>6,419.16</b>	<b>4,669.92</b>	<b>3,326.94</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>11,881.12</b>	<b>8,575.18</b>	<b>6,433.52</b>	<b>4,680.60</b>	<b>3,334.62</b>	
Other Income	31.29	20.05	20.87	18.72	16.34	
<b>TOTAL REVENUE</b>	<b>11,912.41</b>	<b>8,595.23</b>	<b>6,454.39</b>	<b>4,699.32</b>	<b>3,350.96</b>	
<b>EXPENSES</b>						
Cost Of Materials Consumed	0.00	0.00	0.00	0.00	0.00	
Purchase Of Stock-In Trade	10,368.95	7,444.17	5,666.12	4,106.47	2,940.13	
Operating And Direct Expenses	0.00	0.00	227.97	175.03	122.13	
Changes In Inventories Of FG,WIP And Stock-In Trade	-272.96	-130.28	-165.94	-106.17	-72.55	
Employee Benefit Expenses	189.47	146.22	131.23	85.23	67.50	
Finance Costs	121.80	91.23	71.97	55.33	42.41	
Depreciation And Amortisation Expenses	126.02	97.10	80.60	56.44	45.56	
Other Expenses	632.00	458.44	120.95	84.63	66.83	
<b>TOTAL EXPENSES</b>	<b>11,165.29</b>	<b>8,106.87</b>	<b>6,132.90</b>	<b>4,456.96</b>	<b>3,212.00</b>	
<b>PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX</b>	<b>747.11</b>	<b>488.35</b>	<b>321.49</b>	<b>242.36</b>	<b>138.96</b>	
Exceptional Items	0.00	0.00	0.00	0.00	0.00	
<b>PROFIT/LOSS BEFORE TAX</b>	<b>747.11</b>	<b>488.35</b>	<b>321.49</b>	<b>242.36</b>	<b>138.96</b>	

<b>TAX EXPENSES-CONTINUED OPERATIONS</b>					
Current Tax	251.24	160.82	105.57	76.27	39.50
Less: MAT Credit Entitlement	0.00	0.00	0.00	0.00	0.00
Deferred Tax	11.65	9.49	4.53	6.43	7.12
Tax For Earlier Years	1.58	0.13	0.00	0.00	0.00
<b>TOTAL TAX EXPENSES</b>	<b>264.47</b>	<b>170.44</b>	<b>110.10</b>	<b>82.71</b>	<b>46.62</b>
<b>PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS</b>	<b>482.64</b>	<b>317.91</b>	<b>211.39</b>	<b>159.65</b>	<b>92.34</b>
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS</b>	<b>482.64</b>	<b>317.91</b>	<b>210.67</b>	<b>159.60</b>	<b>92.58</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>482.64</b>	<b>317.91</b>	<b>210.67</b>	<b>159.60</b>	<b>92.58</b>
<b>OTHER ADDITIONAL INFORMATION</b>					
<b>EARNINGS PER SHARE</b>					
Basic EPS (Rs.)	8.56	5.66	3.85	2.93	1.72
Diluted EPS (Rs.)	8.55	5.66	3.85	2.92	1.72
<b>VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIALS STORES, SPARES AND LOOSE TOOLS</b>					
Imported Raw Materials	0.00	0.00	0.00	0.00	0.00
Indigenous Raw Materials	0.00	0.00	0.00	0.00	0.00
<b>STORES, SPARES AND LOOSE TOOLS</b>					
Imported Stores And Spares	0.00	0.00	0.00	0.00	0.00
Indigenous Stores And Spares	0.00	0.00	0.00	0.00	0.00

<b>DIVIDEND AND DIVIDEND PERCENTAGE</b>					
Equity Share Dividend	0.00	0.00	0.00	0.00	0.00
Tax On Dividend	0.00	0.00	0.00	0.00	0.00
Equity Dividend Rate (%)	0.00	0.00	0.00	0.00	0.00