

Profitability Analysis of D' Mart

***Dr. Jitendra Pamecha**

Abstract

The process of identifying the growth aspect, strength, weakness, opportunities, and dangers of the business by developing relationships between the elements in the balance sheet and profit-and-loss account is known as financial performance analysis. The primary goal of the research, which used secondary data from the Dmart industries accessible for 5 years, to determine the organization's growth aspect over the next five years. Various instruments, including current ratios and liquidity Ratios, such as profitability and solvency ratios, are utilized to arrive at the conclusions and provide insightful advice. the organization to look into the organization's potential for development. According to the report, there was a slow increase and decline in the business's growth over the research period, which was good.

Keywords: Strength, Weakness, Opportunities, Profitability.

Introduction

In India, the retail business is now thriving. It is regarded as equally capable as the IT industry. D-MART is a well-known retail company in India. It is well-known for its inexpensive prices and high-quality items. It has branches across India.

Retailing is one of the operations in the marketing chain that aids the distribution function. Initially, it was thought to be merely another stage in the marketing chain, with the role assumed to be evident. As global rivalry rose, differentiation became more challenging. Consumer buying power rose as the economy became more market-oriented. Marketers considered utilizing it for distinguishing and positioning since it is often utilized and the last connection with the end customer. As a result, retailing was no longer seen as an extension of conventional marketing activity, but rather as a key business proposition in its own right, which eventually aids marketing in fulfilling its duty and effectively meeting the goals. As a result, retailing arose as a field, and much thought and study went into its development and justification.

The study report investigates consumer satisfaction with DMART. The study's aims are to understand consumer satisfaction with different items provided by DMART and to analyze the degree of customer satisfaction with their shopping experience at DMART. D-MART is one such large retailing behemoth with a diverse product offering.

It has offered its own product brands to its clients. This research study is primarily concerned with marketing efforts and customer reactions to D-MART. The study's research methodology is descriptive in nature, and a non-probability convenience sampling strategy was utilized with a sample size of 100 respondents using online structured questionnaire with Google forms. SPSS software was used to analyze

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and interpret the data gathered. The research study's results and recommendations will undoubtedly assist DMART in making the required improvements to deliver better service to its clients at the mentioned shop.

In order to determine the association's financial strengths and weaknesses, financial performance evaluation entails clearly outlining the relationship between the components of the asset report and benefit and loss account. Both short- and long-term estimates may benefit from financial performance analysis, and identifying growth can be used.

The key source of information on an organization's financial presentation for a certain financial quarter is a pay proclamation or benefit and misfortune report. This displays revenue, expenses, and ultimately net benefit. To comprehend, analyze, decode, and utilize the information provided in financial records, it is crucial to have a basic understanding of accounting and money. D'mart's long-and-short-term development was undoubtedly acknowledged because to this tactic. Different approaches of analyzing this data in research using proportion assessment are possible. Financial summaries serve as a reminder of the organization's financial status and the accomplishments achieved during the survey period. They are used by the administration to decide whether to conduct periodic surveys or to produce reports.

They are the result of a confluence of observed reality, accounting norms, a person's discretion, and practices that have been put into place and have a major impact. The decision-makers' integrity, expertise, and adherence to commonly accepted accounting conventions and regulations are crucial requirements for the judgment to be accurate.

Statement of Problem

When the shops were able to reopen, The Dmart stores recovered to 80 percent or more of their pre-Covid deals in several places. Optional use is still feeling the pinch, especially in non-FMCG goods. This has a negative impact on gross edges. Coronavirus continues to spread throughout the country. The guaranteeing constraints have a significant impact on D'mart's functional and monetary performance in the quarter.

The D'mart, and PAT income for the quarter were significantly lower when compared to the same quarter the previous year. This allowed the scientist to focus on the financial implementation of the D'mart.

Based on the information provided above, the expert has conducted the following tests.

1. How and when was the Dmart originated?
2. What is the profitability position of Dmart in India?

Objective of Study

- To study the growth aspects of D'Mart.
- To measure D'Mart financial results.
- To analyse the liquidity and profitability position of the D'Mart.
- To offer suggestions that are based on study findings.

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D'Mart

Avenue Supermarts Limited, often known as D'Mart, is an Indian retail organization that owns a hypermarket chain in India. Radhakishan Damani launched it in 2002, with its initial branch in Powai's Hiranandani Gardens. It has 196 outlets in 72 cities in 11 Indian states as of 31 December 2019, including Maharashtra, Andhra Pradesh, Telangana, Gujarat, Madhya Pradesh, Chhattisgarh, Rajasthan, National Capital Region, Tamil Nadu, Karnataka, Uttar Pradesh, Daman, and Punjab.

Avenue Supermarts Ltd. promotes D'Mart (ASL) The company's headquarters are in Mumbai. As of March 31, 2019, D'Mart has a total of 7,713 permanent workers and 33,597 contract employees.

Following its first public offering (as Avenue Supermarts Ltd.), it set a new market high on the National Stock Exchange. The market value of the stock increased to 39,988 crore after the stock closed on March 22, 2017. This ranked it 65th among Indian companies, ahead of Britannia Industries, Marico, and Bank of Baroda.

D'Mart market value is close to 114,000 crores as of November 21, 2019, making it the 33rd biggest business listed on the Bombay Stock Exchange. Avenue Supermart released its Q1FY23 earnings report, revealing that sales increased almost twofold year on year. The revenue was Rs 9806 crore, up from Rs 5031 crore the previous year.

Review of Literature

"Retail is the backbone of every society," said Sai Shruthi Vaigunta Moorthy and Dr. Chetan Panse (2020). It meets human needs by providing food and a variety of other things such as clothing, technology, and home furnishings." The liquidity criteria used by the researchers for comparison in their study include quick ratio, current ratio, return on asset (ROA), Return on Equity, which functions as a measure of an organization's profitability net profit margin, and Inventory turnover ratio.

Independent small food businesses, often known as Kirana stores, according to a USDA study (2019), With over 12 million outlets, it is the most prevalent retail model in India. Markets and hypermarkets will continue to rise as a result of rising wealth and changing customer preferences

Hamil and Priyadarshini (2014) studied the influence of supermarkets on unorganized retail establishments in India. Tirunelveli. The primary effects discovered are a loss in sales volume, a decrease in earnings, and a decline in loyalty base of customers

According to Dr. Girish K. Nair and Harish K. Nair (2013), "the consumer impression of retail service quality is a crucial component for both developing and current retailers in the market." According to the research, consumer impression of service quality is impacted by a variety of characteristics, including personal contact and physical features, which are dimensions on which customer perception stays consistent and shared by the majority of customers. As a result, retail stores must devise their own tactics in order to retain clients over time.

Goswami (2012) attempted to predict whether consumers would shift from tiny kirana shops to big organized supermarkets while shopping food. He discovered that consumers are more likely to respond positively depending on location, cleanliness, home shopping, and trustworthiness. And are adversely

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associated with travel and convenience.

Torben et al. (2011) discovered that the degree of satisfaction among consumers with different shops cannot be explained just by matching expectations with items and services, but may also be dependent on the customer's mental explanation. Hamburg and Koschate (2004) investigated the impact of perceived fairness and customer satisfaction on repurchase intention after a price rise. According to the study's results, perceived fairness has a favorable influence on repurchase intention, although satisfaction moderates this association.

According to Malliswari.M (2007), the Indian customer is already planting the seeds for an exciting retail change that he has already begun attracting more attention from multinational brands/formats. With the arrival of these players, the race to satisfy the Indian consumer has begun, and it is time for the Indian client to sit back and enjoy the luxury of being incorporated like a king.

According to Sinha and Banerjee (2004), the changing retail environment in India is impacting the introduction, and Indian retailing is under transition. He suggested that businesses in shopping malls take on the task of demonstrating the value contained by the store - the layout of the store may be the primary motivator.

Research Methodology

Source of Data	Secondary data
Period of Study	2015-16 to 2019-20
Framework of Analysis	Financial Statements
Tools and Techniques	Ratio Analysis

Profitability Ratio Analysis and It's Importance

The Ratio Analysis approach is one of the most effective ways to assess a company's financial performance. We may use the ratio analysis approach to make critical judgments, produce conclusions, and make comparisons. With the use of profitability ratio analysis, we can determine a company's potential to generate profits and how efficient it is in doing so. The following are the many sorts of profitability measures employed in this research study to access the financial performance of chosen companies:

1. Gross Profitability Ratio (G.P. Ratio)
2. Profitability Ratio (N.P. Ratio)
3. ROI (Return on Investment) (ROCE)

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Table

Year	Current Ratio	Liquid Ratio	Net Profit Ratio	Roce	Roa	Proprietary Ratio
2015-16	1.31	0.22	3.70	23.38	10.31	49.06
2016-17	3.19	2.19	4.06	17.83	8.31	66.14
2017-18	2.88	1.18	5.22	25.43	13.98	82.72
2018-19	1.67	0.37	4.70	25.43	13.38	79.95
2019-20	3.18	0.53	5.47	16.24	11.17	92.14

Finding of study

Net profit -the year 2015-16 net profit ratio was 3.70% then ratio increased in the year 2016-2017 it has increased to 4.06%. The net profit ratio has gradually increased in 2017-2018 as 5.22% the net profit has been developed in 2018 but it declines to 4.70% in the year 2018-2019 and in 2019-2020 it increased to 5.47% which is good for the company.

The table presents the position of return on assets. In this ratio the total assets varied from 3,081.53 to 12,084.13. Total assets have been increased. In 2015-16 the ratio of return on asset was 10.31% and in 2016-17 the ROA fall to 8.31%, then gradually return on assets was increasing from 2017-18 to 2018-19 as 13.98% and 13.38%. After 2019, it decreased to 11.17% in the year 2019- 2020

SUGGESTIONS

- The firm's shareholders fund showed a decent figure, which is extremely positive for the investor; this implies that the corporation is more concerned with decreasing liability.
The company's total asset ratio is high, indicating that it is making the best use of its assets.
- Inventory ratio reveals how much time inventory is utilized to create net sales rather than pushing it to inventories; in this case, the firm inventories are sold rapidly, which is a positive indicator that there is less dead stock with the company and they can easily transform into money.
- The organization's current ratio was positive, indicating that the company's assets outweighed its liabilities. They should focus more on developing their company on their own property.
- The quick ratio should be one to one. The ratio was strong in 2017 and 2018, but there was a decrease from 2018-19 to 2019-2020, indicating that there were less liquid assets relative to current liabilities. As a result, the corporation should take the appropriate steps to improve its liquid assets.
- The analysis reveals that the firm's net profit is low; a healthy net profit should be 10%, thus the

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company should take steps to enhance its net profit.

- The return on working capital was strong in prior years, but owing to the Corona epidemic, the stores were not as functional as previously, resulting in a drop in the ROCE ratio in 2020.

Conclusion

D Mart is a hypermarket since it sells a variety of things such as clothing, groceries, stationery, and cuisine things, electrical products, leather items, watches, jewelry, crockery, decorative items, chocolates, and a variety of other items. It completes all socially shops of various products that give goods at a cheap cost all year. It has a wide consumer base, and according to the report, the customers are pretty delighted with Dmart. Customers are also pleased with several services such as complaint and return processing, packaging / gift wrapping, store information, personal item protection, modification, refreshment facilities, shopping carts, and the cost of these services. Many services, however, fall short of client expectations, such as parking, baby strollers, fitting / trial room, human help in picking items, washrooms and drinking water, billing facilities, retail atmosphere, and warranties. It is possible to infer that client happiness is critical. Thus, although customer pleasure does not ensure customer repurchase, it does play a vital role in guaranteeing client loyalty and retention. As a result, businesses should constantly endeavor to guarantee that their clients are completely happy. After conducting a financial analysis of Avenue Supermarts Ltd, it was discovered that the company was more concerned with maximizing asset utilization and profit generation, and that the ratios were good in number but weak in liquid assets that can be easily converted into cash, the company has to and entirely this company stock is a good choice for the value investor.

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