



# International Journal of Innovative Research in Science Engineering and Technology (IJIRSET)

*(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)*



**Impact Factor: 8.699**

**Volume 14, Issue 4, April 2025**

# An Analysis on the Financial Statement of DMart

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**ABSTRACT:** D Mart is a popular Indian retail chain that offers a wide range of products, including groceries, household essentials, and personal care items. Founded in 2002 by Radhakishan Damani, DMart has grown rapidly to become one of the largest retail chains in India. This study aims to evaluate the financial performance of Dmart focusing on key financial metrics. The research employs a comparative analysis of financial statements over a five-year period (2020- 2024) of DMart. Data is analysed to assess the company's operational efficiency, financial stability, and growth potential.

**KEYWORDS:** Ratio Analysis, Financial Performance, DMart, Operational Efficiency

## I. INTRODUCTION

Financial statement analysis is an important tool for investors, creditors and other stakeholders for evaluating the performance of a company, its stats, position and performance. The primary aim of this analysis is to conduct a comprehensive review of the financial statements of D Mart, a leading Indian retail chain, over a five-year period. This study will show some important insights which highlights the strength and challenges of D Mart through trend analysis, ratio analysis and the comparison of the financial performance of D Mart over a five-year period (2020-2024).

## II. STATEMENT OF THE PROBLEM

D Mart, which is a leading Indian retail chain, has experienced major growth and expansion in recent years. However, the company faces challenges in maintaining its supply chain, managing its financial performance, and competing with other retailers in the Indian market.

## III. OBJECTIVES OF THE STUDY

1. To examine the financial performance of D Mart over the 5-year period.
2. To analyse the company's financial strengths and weaknesses
3. To provide recommendations for improvement based on the analysis

## IV. REVIEW OF LITERATURE

**Verma, N., & Gupta, A. (2024)** This study investigates the key determinants of profitability for DMart, focusing on factors such as cost management, revenue diversification, and operational efficiency. The study reveals that DMart's profitability is closely linked to its ability to control costs while diversifying its revenue streams. Additionally, the company's focus on operational efficiency, coupled with effective inventory management, contributes significantly to its bottom line.

**Singh, A., & Mehta, T. (2023)** This paper assesses DMart's financial resilience in the face of market challenges such as fluctuating demand, changing consumer behaviours, and economic uncertainty. The authors find that DMart has been able to adapt to these challenges by focusing on its core strengths, such as efficient inventory management, a broad product range, and a customer-centric business model. The study highlights how DMart's financial structure, particularly its low debt levels, has provided it with the flexibility needed to weather economic downturns.

**Sharma, P., & Rathi, K. (2023)** This paper examines DMart's financial performance and its effect on shareholder value. The research analyzes key financial metrics such as earnings per share (EPS), return on equity (ROE), and stock performance. The authors find that DMart's consistent financial performance has resulted in strong shareholder returns, which has attracted long-term investors. The study concludes that the company's ability to generate high returns on equity.

**Mishra, A., & Nair, A. (2021)** This paper assesses Avenue Supermart's capital expenditure (CapEx) and its potential for long-term growth. The authors analyze the company's investment in store expansions, technology, and supply chain infrastructure. The study finds that Avenue Supermart's strategic capital expenditure has facilitated its expansion into new markets and has laid the groundwork for future growth. The research concludes that Avenue Supermart's CapEx strategy has positioned it for continued financial success.

**Rai, S., & Shah, L. (2021)** This study focuses on DMart's return on assets (ROA) and its capital efficiency. The authors assess the company's asset management and capital allocation strategies over the past few years. The paper finds that DMart's ability to optimize its asset utilization has significantly contributed to its profitability. The authors conclude that the company's capital efficiency has been a critical factor in its consistent growth, enabling it to generate higher returns from its investments.

## V. RESEARCH METHODOLOGY

The fundamental principles of accounting are followed in this study. Balance sheet and profit and loss account of D Mart for five years are used for analysing the financial position of D Mart.

## VI. LIMITATIONS OF THE STUDY

1. Financial statements may not always show the company's true financial position which is due to accounting practices, estimations or errors.
2. There are some comparability issues which is due to the changes in accounting policies, acquisitions or mergers which may affect the comparability of the financial statements over the years.
3. Any changes in government policies, regulations or taxation policies may affect the performance of D Mart.

## CURRENT RATIO

The current ratio is a simple way to check if a company has enough assets to pay off its short-term debts. It tells us how many times a company's current assets can cover its current liabilities.

Current Ratio= Current Assets/Current Liabilities

TABLE 1:  
TABLE SHOWING THE CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2020	2,292.27	721.81	3.18
2021	3,960.89	1,071.85	3.70
2022	3,351.14	1,094.29	3.06
2023	5,337.41	1,332.87	4.00
2024	6,060.28	1,876.35	3.23



#### INTERPREATION:

The above table shows that the current ratio in the year 2020 is 3.18, and increased to 3.70 in the year 2021, and decreased to 3.06 in the year 2022 and increased to 4.00 in the year 2023 and decreased to 3.23 in the 2024

#### QUICK RATIO:

The quick ratio, also called the acid-test ratio, helps determine if a company can pay its short-term debts without relying on selling inventory. It's a stricter version of the current ratio because it only considers the most liquid assets—things that can quickly be turned into cash.

Quick Ratio= Current assets – Inventories / Current Liabilities

TABLE 2  
TABLE SHOWING THE QUICK RATIO

YEAR	CURRENT ASSETS	INVENTORY	CURRENT LIABILITIES	QUICK RATIO
2020	2,292.27	1,909.43	721.81	0.53
2021	3,960.89	2,167.33	1,071.85	1.67
2022	3,351.14	2,586.89	1,094.29	0.70
2022	5,337.41	3,055.56	1,332.87	1.71
2024	6,060.28	3,723.43	1,876.35	1.25

#### INTERPRETATION:

The above table shows that the quick ratio in the year 2020 is 0.53 and then increased to 1.67 in the year 2021 and decreased to 0.70 in the year 2022 and then increased to 1.71 in the year 2022 and then decreased to 1.25 in the year 2024

#### TOTAL ASSET TO DEBT RATIO:

The total asset to debt ratio is a financial measure that shows the relationship between a company's **total assets** and its total debt. It helps assess the company's ability to pay off its debts using its total assets. In other words, it shows how much of the company's assets are financed through debt.

Total Asset to Debt Ratio = Total Assets / Total Debts

TABLE 3  
TABLE SHOWING THE TOTAL ASSET TO DEBT RATIO

YEAR	TOTAL ASSETS	TOTAL DEBT	TOTAL ASSET TO DEBT RATIO
2020	12,084.13	230.53	52.4
2021	13,646.39	269.26	50.7
2022	15,403.96	385.56	39.9

2023	18,243.60	408.2	44.7
2024	21,566.12	409.16	52.7

#### INTERPRETATION:

The above table shows that the total asset to debt ratio for the year 2020 is 52.4 and then it decreased to 50.7 in the year 2021 and then it decreased to 39.9 in the year 2022 and then it increased to 44.7 in the year 2023 and then it increased to 52.7

#### DEBT EQUITY RATIO

The debt-to-equity ratio is a financial measure that compares a company's total debt to its shareholders' equity. It shows how much debt a company is using to finance its operations relative to the money invested by its owners (equity).

Debt Equity Ratio = Total Debt / Total Shareholders' Funds

**TABLE 4**  
**TABLE SHOWING THE DEBT EQUITY RATIO**

YEAR	TOTAL DEBT	TOTAL SHAREHOLDER'S FUND	DEBT EQUITY RATIO
2020	230.53	11,135.52	0.02
2021	269.26	12,305.28	0.02
2022	385.56	13,924.11	0.03
2023	408.20	16,502.53	0.02
2024	409.16	19,280.61	0.02

#### INTERPRETATION:

The above table shows that the debt equity ratio of the company was 0.02 in the year 2020 and it remained the same for the year 2021 then it increased to 0.03 in the year 2022 and then it remained 0.02 for the year 2023 and 2024.

#### GROSS PROFIT RATIO:

The Gross Profit Ratio tells us how much money a company keeps from its sales after paying for the cost of the goods it sells. It shows how efficiently a business is managing its production or purchase costs compared to its revenue.

Gross Profit Ratio = (Gross Profit / Revenue) \* 100

Gross Profit = Revenue from Operations (Net) - Cost of Goods Sold (COGS)

COGS = Purchase of Stock-in-Trade (since detailed COGS data is not available).

**TABLE 5**  
**TABLE SHOWING THE GROSS PROFIT RATIO**

YEAR	GROSS PROFIT	REVENUE	GROSS PROFIT RATIO
2020	3,293.16	24,642.30	13.37%
2021	3115.15	23,729.38	13.13%

2022	3,785.98	30,258.21	12.51%
2023	5,482.30	41,726.19	13.14%
2024	6,233.25	49,447.77	12.61%

#### INTERPRETATION:

The above table shows that the gross profit ratio in the year 2020 as 0.1336 and then decreased to 0.1312 in the year 2021 and then decreased to 0.1251 in the year 2022 and then increased to 0.1313 in the year 2023 and then decreased to 0.1260 in the year 2024.

#### VII. FINDINGS

1. The standard current ratio is 2:1 and the company's highest current ratio is 4.00 in the year 2023. It is satisfactory.
2. The standard Quick ratio is 1:1 and the companies were highest 1.71 in the year 2022. It is satisfactory.
3. The total asset to debt ratio of the company was the highest 52.7 in the year 2024 and the lowest 39.9 in the year 2022. It is growing and this is satisfactory.
4. The debt equity ratio of the company is the highest 0.03 in the year 2022 and the lowest 0.02, it is satisfactory.
5. Gross profit of the company was highest 13.37 in the year 2020 and lowest 12.51 in the year 2022, it is decreasing considerably.

#### VIII. SUGGESTIONS

1. The company should focus on efficiently managing its current assets to maintain strong liquidity. This will help ensure smooth operations and the ability to meet short-term financial obligations.
2. The company should ensure that current assets and liabilities are well-balanced to maintain a positive working capital position. It should also explore strategic investment opportunities to maximize returns on available funds.
3. While the company has a strong presence in urban and semi-urban areas, expanding into Tier 2 and Tier 3 cities will help tap into new customer segments and increase revenue streams.

#### IX. CONCLUSION

The study has been undertaken with the motive of evaluating the financial analysis of DMart. The analysis of the company was undertaken with the help of various ratios which is important for financial analysis. The performance of the company is satisfactory and the study gives clear idea about the financial position of the company over the last 5 years. This study is primarily based on the annual reports of the company

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