

## **CHAPTER – II**

### **PROFILES OF BIG BAZAAR AND TOTAL**

In this chapter, an attempt is made to explain the working of Big Bazaar and Total chains of hypermarket in India and also draw comparisons between them.

#### **ABOUT BIG BAZAAR**



The retail format of the Big Bazaar group includes Aadhar, Rural & Home-Town retail chain, Ezone home-improvement chain, sportswear retailer, depot and music chain.

This retail store is a subsidiary of Future group, Pantaloons Retail India Ltd. Big Bazaar group offers more than 136 stores all over the country. Every Big Bazaar outlet is owned by the company, and not franchised out to anyone to ensure quick changes to its entire retail chain. Kishore Biyani, the promoter of the group likes to address himself as “Chief Knowledge Officer”.

#### **Vision**

Future Group shall deliver Everything, Everywhere, Everytime for Every Indian Consumer in the most profitable manner.

#### **Mission**

We share the vision and belief that our customers and stakeholders shall be served only by creating and executing future scenarios in the consumption space leading to economic development.

We will be the trendsetters in evolving delivery formats, creating retail realty, making consumption affordable for all customer segments – for classes and for masses.

We shall infuse Indian brands with confidence and renewed ambition.

We shall be efficient, cost- conscious and committed to quality in whatever we do.

We shall ensure that our positive attitude, sincerity, humility and united determination shall be the driving force to make us successful.

### **Core Values**

- Indianness: confidence in ourselves.
- Leadership: to be a leader, both in thought and business.
- Respect & Humility: to respect every individual and be humble in our conduct.
- Introspection: leading to purposeful thinking.
- Openness: to be open and receptive to new ideas, knowledge and information.
- Valuing and Nurturing Relationships: to build long term relationships.
- Simplicity & Positivity: Simplicity and positivity in our thought, business and action.
- Adaptability: to be flexible and adaptable, to meet challenges.
- Flow: to respect and understand the universal laws of nature.

### **HISTORICAL RETROSPECT**

The Future Group, which was earlier known as PRIL (Pantaloon Retail India Limited) began as a trouser manufacturer in the mid 1980s. The Future Group is divided into six verticals – Future Retail, Future Capital, Future Brands, Future Space, Future Media and Future Logistics. The Future Group started operations in the mid 1987s by incorporating the company as Manz Wear Private Limited. The company went on to manufacture ready made trousers under the “Pantaloons” brand name. It came out with a public issue in 1991 and later changed their name to Pantaloon Fashions (India) Limited (PFIL).

The first exclusive men's store called Pantaloon Shoppe was inaugurated in 1992. Pantaloons went for a franchisee route to expand the number of retail outlets and by 1995, it had reached a number of 70.

The first departmental store called Pantaloons was opened in Kolkata in 1997 with an investment of Rs 0.7 million. The store was a success and recorded revenues of Rs 100 million within the first year of operations. In 1999, the company's name was changed to Pantaloon Retail (India) Limited (PRIL).

The success of Pantaloons departmental stores encouraged PRIL to come up with other retailing formats such as "Big Bazaar" to retail low cost general merchandising, and "Food Bazaar" to retail food products. As of 2005, the Future Group has 3.5 million sq ft of retail space and over 136 stores across 34 cities in India. It employs more than 12,000 people and has a customer base of more than 120 million.

## **AWARDS**

### **2010**

#### **Coca-Cola Golden Spoon Awards 2010**

- Most Admired Food & Grocery Retailer of the Year : Private Label – Pantaloon Retail

### **2009**

#### **Images Fashion Forum 2009**

- Most Admired Private Label - Pantaloons, lifestyle format
- Critics' Choice for Pioneering effort in Retail Concept Creation – Central

## **2008**

### **The Reid & Taylor Awards for Retail Excellence 2008**

- Retailer of the Year: Home Products and Office Improvements: Home Town

## **2007**

### **Images Retail Awards**

- Most admired retailer of the year: Home & office improvement: Home Town
- Most admired Retail Company of the year: Pantaloon Retail (India) Ltd.

### **National Retail Federation, New York**

- International Retailer for the Year 2007 – Pantaloon Retail (India) Ltd.

### **World Retail Congress, Barcelona**

- Emerging Market Retailer of the Year 2007 – Pantaloon Retail (India) Ltd

### **Hewitt Best Employers 2007**

- Best Employers in India (Rank 14th) – Pantaloon Retail (India) Ltd

## **2006**

### **Retail Asia Pacific Top 500 Awards, Singapore**

- Asia Pacific Best of the Best Retailers – Pantaloon Retail (India) Ltd
- Best Retailer in India – Pantaloon Retail (India) Ltd

### **Asiamoney Awards**

- Best Managed Company in India (Mid-cap) – Pantaloon retail (India) Ltd.

## **2005**

### **Images Retail Awards 2004**

- PRIL- Most Admired Retailer of the Year
- Central-Retail Launch of the Year

### **DAKS London**

- PRIL- Brand Builder of the Year

## **2004**

### **Images Retail Awards 2004**

- PRIL- Most Admired Retailer of the Year
- Central-Retail Launch of the Year

### **Reid & Taylor and DLF Awards**

- PRIL - Retailer of the year

## **2003**

### **Indian Express Award**

- PRIL – Marketing Excellence and Excellence in Brand Building

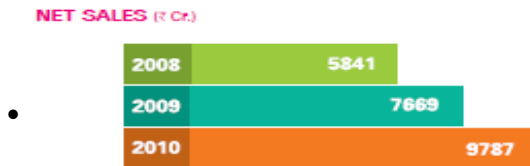
### **Indusland Bank (India Brand Summit)**

- PRIL - Excellence in Brand Building

## REVIEW OF PERFORMANCE

The Company continued to grow its revenues and profit at a healthy pace, despite the difficult economic environment. Income from operations went up from Rs.7669 Crores in financial year 2008-09 to 9787 Crores in financial year 2009-10, recording a growth of 28 percent. PBDIT stood at Rs.952 Crores in financial year 2009-10, an increase of 56% over the preceding year. PAT for financial year 2009-10 was Rs.76 Crores. Net profit of the Company for the year 2010 stood at ` 230.16 Crores as compared to ` 140.58 Crores in the previous year, an increase of ` 89.58Crores and 63.72% over the previous year as per the annual report of the company.

Sales for the last 3 years is given in Figure III-1.



Source: ANNUAL REPORT 2009 - 2010

**Figure III-1 Sales of Big Bazaar**

During 2010, with a limited amount of capital employed into the retail business, the company managed a significant increase in the overall turnover. An incremental turnover of nearly ` 2,500 Crores was achieved on a limited capital employed of ` 620 Crores, translating into an incremental capital employed ratio.

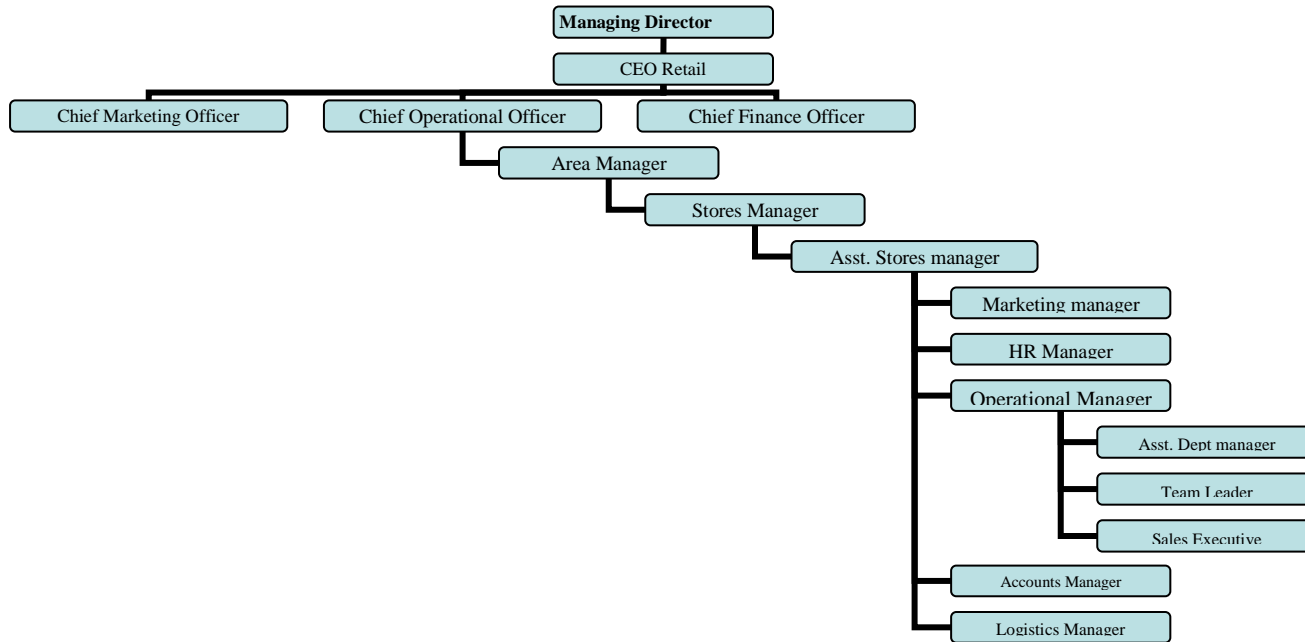
## SWOT ANALYSIS



Figure III-2 SWOT analysis

## ORGANIZATIONAL STRUCTURE

The organization structure of the retail chain is in given in Fugure-III-3.



**Figure III-3 Organisation structure of Big Bazaar**

## BOARD OF DIRECTORS

The names of the board of directors of the company are given here

1. Shailesh Haribhakti, Chairman & Non-Executive Independent Director
2. Kishore Biyani, Managing Director
3. S Doreswamy, Non-Executive Independent Director
4. Dr. Darlie Koshy, Non-Executive Independent Director
5. Anil Harish, Non-Executive Independent Director
6. Bala Deshpande, Non-Executive Independent Director
7. V. K. Chopra, Non-Executive Independent Director
8. Gopikishan Biyani, Non-Executive Director Director



9. Rakesh Biyani, Executive Director

10. Vijay Biyani, Executive Director

11. Kailash Bhatia, Executive Director

## **MARKETING MIX**

The marketing elements of Big Bazaar are briefly explained here.

### **Target market**

Big Bazaar targets customers who belong to higher and upper middle and even lower class customers. It has focus on large and growing young working population and women both career women and home makers.

### **Product range**

Big Bazaar offers a wide range of products which range from apparels, food, farm products, furniture, child care, toys, etc of various brands like Levis, Allen Solly, Pepsi, Coca- Cola, HUL, ITC, P&G, LG, Samsung, Nokia, HP etc. It stocks about 1,30,000 items in over 20 product categories. Big Bazaar also promotes a number of in house brands like:

- DJ & C
- Tasty Treat
- Clean Mate
- Sensei
- Care Mate
- Koryo and 44 other brands.

Big Bazaar has not entered into special collaborations and alliances with various partners for co- marketing brands The various categories of merchandise stock by Big Bazaar is shown in Table III-1 .

**Table -III-1Product mix of Big Bazaar**

<b>Apparels</b>	<b>Food</b>	<b>Farm produce</b>	<b>Chill station</b>	<b>Home and personal care</b>
Denims & tea shirts	Staples	Fruits	Soft drinks	Shampoos
Fabrics and cut pieces	Ready to eat	Vegetables	Packaged juices	Detergents
Formal wear	International food	Imported fruits	Milk items	Soaps
Casual wear	Spices	Dairy products	Frozen foods	Liquid wash
Party wear	Imported bazaar		Ice creams	Creams
Ethnic wear	Tea & coffee			Deodorants
Accessories				Home cleaners
Under garments				Utensils
Night wear				Plastics
Dress materials				Crockery
Sarees				Sundries

The shopping is made easy and comfortable by the following facilities.

- **Online shopping:** Big Bazaar has an official website, FutureBazaar.com, which is one of the most favorite sites among people of India for online shopping. FutureBazaar is an online business venture of Future Group, which sells an assortment of products such as fashion, which includes merchandise for men and women, mobile accessories, mobile handsets and electronics like home theatres, video cameras, digital camera, LCD TVs, kitchen appliances and many more.
- **Discounts:** “Hfte ka sabse sasta din was introduced by the Big Bazaar, wherein extra and special discounts were offered on Wednesday every week, to attract the potential buyers into their store.

- **Security check:** At each exit of Big Bazaar, they use alarm systems or Electronic Article Surveillance system, which detects the products that has attached tags or not.

## Pricing

The pricing objective at Big Bazaar is to get “Maximum Market Share”. Pricing at Big Bazaar is based on the following techniques:

- **Value Pricing (EDLP – Every Day Low pricing):** Big Bazaar promises consumers the lowest available price without coupon clipping, waiting for discount promotions, or comparison shopping.
- **Promotional Pricing:** Big Bazaar offers financing at low interest rate. The concept of psychological discounting (Rs. 99, Rs. 49, etc.) is also used to attract customers. Big Bazaar also caters on Special Event Pricing (Close to Diwali, Gudi Padva, and Durga Pooja).
- **Differentiated Pricing:** Differentiated pricing i.e. difference in rate based on peak and non-peak hours or days of shopping is also a pricing technique used in Indian retail, which is aggressively used by Big Bazaar. e.g. Wednesday Bazaar
- **Bundling:** It refers to selling combo-packs and offering discount to customers. The combo-packs add value to customer and lead to increased sales. Big Bazaar lays a lot of importance on bundling. e.g. 3 Good Day family packs at Rs 60(Price of 1 pack = Rs 22)5kg oil + 5kg rice + 5kg sugar for Rs 599

## People

For services like retailing people are important to deliver services like display, assistance in finding goods and prices, billing etc. The chain employs around 10,000 people. They are made presentable by training them in grooming. Well dressed staff improve the overall appearance of store.

## **Location and lay out**

All the stores of Big Bazaar in Bangalore are ideally located at the heart of city. The group conducted a study and it was found that for a store like Big Bazaar a large catchments area is needed and accordingly they found the place in Bangalore.

Big Bazaar places a lot of importance on the process right from the purchase to the delivery of goods. The layout is designed to facilitate efficient services. Products in Big Bazaar are properly stacked in appropriate racks. There are different departments in the store which display similar kind of products. Throughout the store there are boards/written displays put up which help in identifying the location of a product. Moreover boards are put up above the products which give information about the products, its price and offers. Big Bazaar stores are normally 'U shaped' and well planned & designed

Multiple counters for payment, baggage counters and security guards, together contribute to customer-friendly atmosphere. Big Bazaar has home delivery facility. It arranges for delivery of products over purchases of Rs. 1000. Photo III-1 and 3-2 show the layout

### **Photo III -1 and 2 Layout**



The environment created in the retail store is a combination of exterior look, store interiors, the atmosphere in the store and the events promotions and themes which form a part of retail store

### **Promotion**

Table III-2 shows the types of Sales Promotions organized at Big Bazaar.

**Table III-2 Types of Sales Promotions at Big Bazaar**

<b>Types of promotion</b>	<b>Tools</b>
Below the line	Coupons, Discount, more of the product at same price, gift with purchase, competition and prizes, money back offer, exchange offer, special occasion.
Above the line	Advertisements in news papers, TV, Internet( Own website which give on line shopping service). Big Bazaar sponsors various events and festivals, which provides them valuable promotion directed at strategic markets.

The various promotion schemes used at Big Bazaar include:

- “Saal ke sabse saste 3 din”
- Hafte ka sabse sasta din “Wednesday bazaar”
- Exchange Offers “Junk swap offer”
- Future card(3% discount)
- Shakti card
- Advertisement (print ad, TV ad, radio)
- Brand endorsement by M.S Dhoni and Asin

Big Bazaar has come up with 3 catchy lines written on hoardings taking on biggies like Westside, Shoppers stop and Lifestyle. They are:

- “Keep West- aSide. Make a smart choice!”
- “Shoppers! Stop. Make a smart choice!”
- “Change your Lifestyle. Make a smart choice!”

## **Place**

The Big Bazaar stores are operational across three formats — hypermarkets spread over 40,000-45,000 sq ft, the Express format over 15,000-20,000 sq ft and the Super Centers set up over 1 lakh sq ft. Currently Big Bazaar operates in over 34 cities and towns across India with 136 stores. Apart from the Metros these stores are also doing well in the tier II cities. These stores are normally located in high traffic areas. Big Bazaar aims at starting stores in developing areas to take an early advantage before the real estate value booms. Mr. Biyani is planning to invest around Rs 350 crore over the next one year expansion of Big Bazaar. In order to gain a competitive advantage Big Bazaar has also launched a website [www.futurebazaar.com](http://www.futurebazaar.com), which helps customers to orders products online which will be delivered to their doorstep. This helps in saving a lot of time of its customers.

## **SUPPLY CHAIN MANAGEMENT**

Distribution of stock starts from head office to Zonal office and then to various outlets through trucks. Big Bazaar out sources its transportation needs from external organizations, and currently uses trucks as the preferred means of distribution.

## **HUMAN RESOURCES MANAGEMENT**

The HR department of Big Bazaar is very dynamic. Currently Big Bazaar, Kormnagala is employing 210 full time and 60 part time employees.

## **Recruitment**

The main sources through which big bazaar recruit it employees are as given under.

a) **Consultancy Services:** For top level management, employees are recruited through private consultants. They are usually appointed as Departmental Managers.

b) **Walk-ins:** This is the main source through which Big Bazaar recruits its employees. People seeking job approach the HR department for employment. Generally it is for the entry level positions this source is used.

c) **Campus Recruitment:** Big Bazaar visits some of the reputed educational institutions to hire some of the most talented and promising students as its employees like Christ University, Bangalore University etc.

### **Selection**

The following is the selection procedure that the HR department practices to hire its employees.

- **Interview:** For entry level jobs, the candidates are interviewed by a HR person. They are asked a few basic questions about their education, previous work experience if any, languages known etc. This is done to evaluate the candidate's ability to communicate freely and work in teams with patience and enthusiasm. .
- **Psychometric Tests:** For higher and top level jobs, candidates are asked to answer a few questions which basically test their sharpness, analytical ability, ability to handle stress, presence of mind etc. This is done as Managers are required to work under stress all the time and still maintain a cool head to make some vital decisions.
- **Written aptitude test** – A written test to assess the aptitude and general knowledge of candidates is administered to help screen candidates.

- **Group Discussion:** In campus recruitment candidates are involved in a Group Discussion, where they will be given a topic on which the group has to deliberate, discuss and arrive at a solution
- **Interview:** Finally a formal interview will be conducted to assess the overall skills of the student.
- **Reference letters:** Recommendation and views of previous employer are given due weight in selection process

### **Induction**

New employees are given a 13 day induction and training program. They will be given information about the company's business, different departments etc. They will be informed of their roles, duties and responsibilities. They will also be informed about the HR policies and rules of the company.

### **Probation**

The new employees will be on probation for a period of 6 months. After this period the HR period along with the department manager will review the performance of the employee. If the employee's performance is good and encouraging, the employee's services will be confirmed.

### **Working Hours**

Big Bazaar employees work on an average for 9 hours, and there are usually 3 shifts per day. The first shift employees arrive at 10 am in the morning and leave at 7.30 pm in the evening, while the second shift employees report at 12.30 in the afternoon and leave at 10 pm, when the store closes.



**Attendance**

All the employees will be given identity cards which they have to wear and also swipe while at the time of entering and leaving the Store. It provides time record of the employees.

**Leaves and other rules**

An employee during his probationary period is entitled for 7 days of leave. A confirmed employee is entitled for 30 days of leave in a year. There is only one type of leave the employees can take which is known as All Purpose Leave (APL).

**Compensation**

The employees are rewarded suitably with attractive pay packages. The salary of an employee includes basic pay. HRA, special allowance, PF,ESI, Mediclaim etc. Annual bonus will be given at the time of Diwali. The employees and their dependents are also entitled for medical treatment in recognised hospitals with cashless hospitalisation with whom the company has tie-ups. If a hospital is not recognised, the amount spent by the employee will be reimbursed. Along with these all the employees are given a card known as 'Employee Discount card' (EDC) through which they can buy any product at Big Bazaar at a special discount of 20-30 %.

'Pantaloen Day' is organized to acknowledge the efforts exerted by employees. The employees who have shown exceptional talent, sincerity and dedication are recognized and rewarded on the occasion.

**Performance Appraisal**

The HR department conducts performance appraisal of all the employees annually in the month of April. It is conducted downwards. Based on their performance increments will be given in their pay. In addition to this if an employee achieves or exceeds the target

given to along with their team members will be provided with attractive cash and other incentives

### **Training & Development**

Future group has its own training division for all its employees, known as 'Future Learning & Development Limited' (FLDL). 'Gurukul' which is a part of FLDL gives training to all the employees on various skills like team work, dedication discipline improving customer service etc to make them more knowledgeable and productive. All the employees are given training for 20 days in a year spread over different periods.

The company constantly launches and refreshes initiatives that contribute to happier, more productive talent. The Happyness Index Program is based on the belief that a happier employee has a greater drive to perform and adapt to meet changing needs.

Pantaloon Retail India Ltd. launched and continued training programmes like Karta development programme, Vidyaarambh, Suprabhat, LEAP and PRISM.

The company believes that the Seekho and Shishya programmes, whereby we encourage and financially support employees to pursue higher studies, is one of our greatest strengths and we will constantly strive to bring in similar fresh ideas and perspectives into the business.

The 'Happyness Index Program' is a priority initiative aimed towards building a culture of achieving happiness through sensitivity and empowerment programs at the store.

The company has always believed that its biggest asset has been the 33,500 people employed in its retail business who come from a large cross-section of social and economic backgrounds. To help each of them achieve their true potential, the company adopted a fresh approach by recasting the human resources function into the People Office. The themes set for the year were - simplicity, happiness and disproportionate growth that leads to building a performance-driven culture. A performance- driven

culture demands higher efficiency and productivity and the key to achieving higher productivity is attraction, development and nurturing of high caliber individual.

With this objective in mind the People Office undertook a number of innovative initiatives.

Among the most significant initiatives was the launch of the 'Happyness Index'. The program is based on the belief that if employees are happy, there will be greater acceptance of the changing needs of the business and they will demonstrate greater trust and willingness to align themselves with the company's vision, mission and values. When the beliefs are aligned; the right behavior that positively impacts customers manifest and as a result create more happy customers, translating into better value creation for stakeholders. Happy people are more receptive and productive. Happy people alone can drive productivity and achieve disproportionate growth. Every human being desires and deserves happiness in life.

The company also initiated a number of training and development programs, some of which included, Karta or Store Manager development program to identify new store managers from within the organization, Vidyaarambh, a festival of learning at our stores, Suprabhat, a two-day residential program for senior and middle level executives, Leadership Excellence Advancement Programme or LEAP for area managers, PRISM, a talent pipeline identification program and Genesis for management trainees.

In addition, the company continues to support the Seekho and Shishya programs that encourage and financially support employees to pursue undergraduate, graduate and post-graduate programs in business and retail management. The training initiatives collectively impacted four out of every five employees in the organization, thereby bringing in fresh energy and perspective within the business.

### **Promotion**

Big Bazaar prefers promoting from within, rather than externally. The current promotion policy is based purely on performance.

## **Employee turnover**

The current rate of employee turnover is about 4 %. To increase employee retention they strive to foster a feeling of well-being in employees through care and respect. They report that they have several structured processes including employee mentoring and grievance management programmes which are intended to facilitate a friendly and cohesive organisation culture. Off-site activities are encouraged to improve inter-personal relationship.

## **Employee suggestion programme**

An employee suggestion programme called ‘Prerna’ is put in place. Employees can give their suggestions. Every quarter the best suggestion received per zone per format is awarded prize called “Golden Cap”.

## **CODE OF CONDUCT**

The retail chain has evolved a code of conduct as given under.

This code is applicable to the Board of Directors and senior management employees of the Company i.e. Band 5 employees (hereinafter referred to as “Specified Persons”). This code is applicable to the executive and non- executive directors to the extent of their role and responsibilities in the organization.

This code has to be complied with both in letter and spirit by specified persons. Any violation / suspected violation of the code has to be promptly communicated to the compliance officer of the Company which would be taken up in the meetings of the Audit Committee /Board of Directors.

### **1. Honest, Integrity, Due Care and Diligence**

Directors and senior management staff ( hereinafter referred to as “specified persons”) of Pantaloon Retail (India) Limited (hereinafter referred to as Company)

shall conduct their activities, on behalf of the Company in the best interests of the Company with honest , integrity and fairness. Due care and diligence shall be exercised by them in performing their duties of office and powers attached to their office.

## **2. Compliance with Laws, Rules and Regulations**

Specified Persons of the Company are required to conduct their business and affairs in full compliance with applicable laws, rules and regulations in letter as well as spirit and shall encourage and promote such behaviour for themselves, officers and employees across the organisation.

## **3. Conflict of Interest**

Specified Persons of the Company shall ensure that their personal interests doesn't conflict with the interests of the Company/ the group

**4. Protection and Proper Use of Company's Assets** Specified Persons must protect the Company's assets, labour & information and may not use these for personal use, unless approved by the appropriate authority.

## **5. Corporate Opportunities**

Specified Persons may not exploit for their own personal gain opportunities that are discovered through the use of Company's property , information or position unless such opportunity is disclosed to the Board of Directors / Committee of Directors in writing and the Board / Committee of Directors declines to pursue such opportunity.

## **6. Competition and Fair Dealing**

Specified Persons should not take unfair advantage of anyone through manipulation, concealment, misrepresentation of material facts or any other unfair trade practices. Specified Persons should ensure dealings with stakeholders is done in a fair manner.

## **7. Insider Trading**

Specified Persons shall not derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of any price sensitive information, not in public domain. Specified Persons will comply with SEBI (Prohibition of Insider Trading) Regulations, 1992 & the code of conduct of prevention of insider trading of the Company.

## **8. Intellectual Property Rights**

Intellectual property rights is an important area for the success of the Company. Specified person should ensure that intellectual property rights of the Company viz trademarks, copyrights, patents etc are duly protected through registration of the same with concerned statutory authorities to prevent any misuse of the same by others.

## **9. Confidentiality of Information**

Specified Persons should ensure confidentiality of information they receive and is disclosed if authorized by the Company or the person from whom the information is provided or required by law.

## **10. Health & Safety**

The business of the Company shall be carried on in a congenial environment whereby adequate health and adequate safety measures are taken in the workplace of the employees. Specified persons shall ensure that due compliance of all laws and regulations pertaining to health and safety measures is done on a continuous basis.

## **11. Periodic Review**

This code is subject to periodic review by the audit committee and the Board of Directors. The specified persons shall make a confirmation to the compliance officer of the company within 15 days from the date of closure of the financial year in the format specified in the annexure to this code. Big Bazaar employees are trained with regard to their code of conduct at the induction level. It is at this stage Big Bazaar tries to infuse,

what it refers to as *key qualities* for its employees: pleasant manners, polite behavior and positive attitude. The behavior of each and every employee is supervised everyday by Stores managers.

## **ABOUT TOTAL**



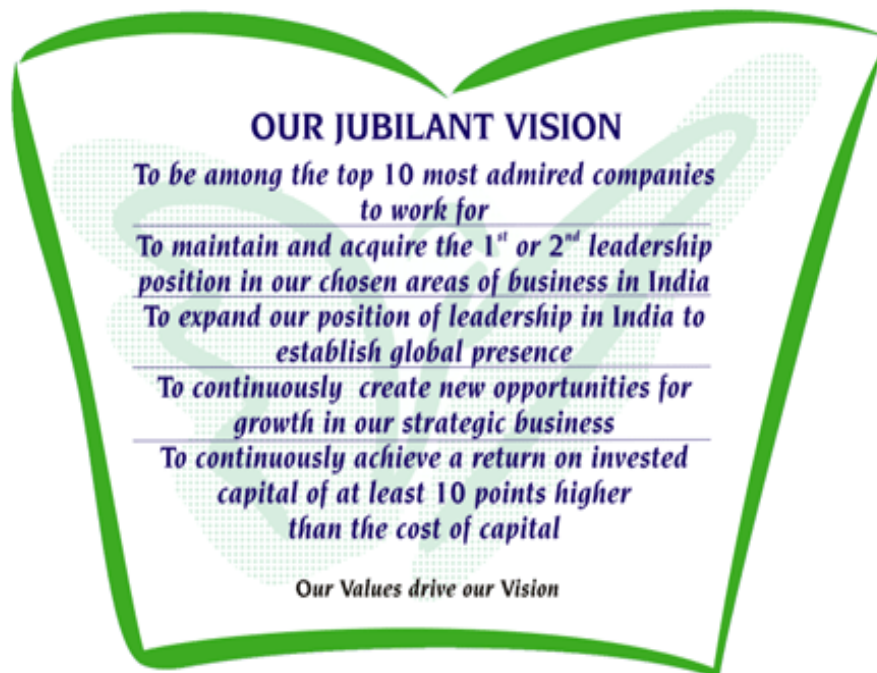
Total Hypermarkets is a retail brand from Jubilant Retail a business division of the Rs. 4600 crore Jubilant group. Jubilant operates 2 retail formats, Total hypermarkets, and Monday2Sunday super markets. It is the second largest chain in the Bangalore city. The hypermarkets branded as 'Total' are designed on the lines of international shopping malls. Its strategy of 'farm to fork' has led them closer to the farmer who gets a better price for its produce through cash and carry system and also results in the company offering fresh - farm good quality products at an affordable price to the customers. It expects to grow to over 50 hyper markets and 250 supermarkets by 2012.

### **Vision, mission and values of TOTAL:**

Jubilant symbolizes positivist, dynamism, triumph and joy, all of which guide and shape the Group's collective experiences and efforts. Jubilant will always care for human needs, share its expertise to provide a better life and help upgrade the stakeholders' standard of living and sustainable growth by dynamiting the value chain within the Group. Our vision is to be amongst the top 10 most admired companies to work for. We want to maintain our leadership position in our chosen area of business in India and to establish it globally. We will endeavor to create new opportunities for growth in our strategic businesses which give a 10 points higher rate of return than the cost of capital.

Our values determine our business path. Combined with our Promise and Vision, these values have determined what we have achieved and they continue to guide our future.

## **VISION:**



To be a global retailer in India and to maintain and acquire the No. 1 position in the Indian market in the Department Store category.

- In the dynamic and demanding markets of today, we continue to derive our competitive edge from the quality of our people and the high level of professional commitment shown by our Team.



**MISSION:**



- The mission of jubilant is to provide satisfactory product and service as per the customers need in order to maintain customer loyalty.
- The promise of jubilant is caring, sharing and growing with the market dimensions in order to provide satisfactory environment to our customers and share holders.

## VALUES:

<p><b>Our Teamwork</b></p>  <p>We will carefully select, train and develop our people to be creative, empower them to take decisions, so that they respond to all customers with <b>agility, confidence and teamwork</b></p>	<p><b>Our Efficiency</b></p>  <p>We stretch ourselves to be <b>cost effective</b> and efficient in all aspects of our operations and focus on <b>flawless delivery</b> to create and provide the best value to our customers</p>
<p><b>Our Knowhow</b></p>  <p>By sharing our knowledge and learning from each other and from the markets we serve, we will continue to surprise our customers with <b>innovative</b> solutions</p>	<p><b>Our Delivery</b></p>  <p>With utmost care for the <b>environment and safety</b>, we will always strive to excel in the quality of our processes, our products and our services</p>

- We shall have the willingness to apologize and/or forgive.
- We shall respect our customers' rights.

## HISTORICAL RETROSPECT

The Jubilant Bhartia Group embarked on a journey to create leadership in its chosen areas of business over two decades ago. The Group has a strong presence in Pharma, life sciences and healthcare sector through its flagship company Jubilant Organosys and has the fastest growing Dominos pizza chain in India through Jubilant Food Works. The group is a leading Indian private sector player in oil and gas exploration and production business through Jubilant Energy. Through a clutch of independent Companies the group has a significant presence in retail segment including hypermarkets and automobiles. The Group also offers a wide range of marketing and technical services for international companies in the area of aviation, oil & gas services and power and infrastructure services.

Jubilant identified the increased globalization of Indian economy and its first alignment with international economic trends, adapted these changes and spread its wings to the outer world and moved away from being industry oriented to sharing knowledge. Headquartered in India the group has built strong business in North America with significant investments over the last decade. Through its various entities the group is engaged in business in over 60 countries across the world.

### **Jubilant retail**

Jubilant Group, which started off with its Monday2Sunday food & grocery retail chains, has opened its first mall christened **Total** in Bangalore. The company also announced the re-branding of its Bangalore-based value retail chain Jumbo Saver as TOTAL. The anchor at the mall is also named as Total, and it is one of Bangalore's largest hypermarkets, spread across 1.2 lakh square feet.

According to Dinesh Malpani, CEO, Total, Jubilant Group targeted a revenue of Rs 8,200 crore in 2010. To achieve this, it initiated new launches, and re-branding exercises.

## **AWARDS**

### **2009**

#### **Hewitt Best Employers 2009**

- Best Employee practices award

## **REVIEW OF PERFORMANCE**

We are pleased to inform you that your Company continued to grow its revenues and profit at a healthy pace, despite the difficult economic environment. Income from operations went up from Rs.2052.67Crores in financial year 2008-09 to3347.76 Crores in financial year 2008-09, recording a growth of 25.61 percent. PBDIT stood atRs.374.50 Crores in financial year 2008-09, an increase of 45.28% over the preceding year. PAT for financial year2009-10 was Rs.264.29 Crores.( Source: ANNUAL REPORT 2009 – 2010)

## **SWOT ANALYSIS**

### **Strengths:**

- 1) Good supply chain management.
- 2) Variety of products available under one roof.
- 3) Higher PROFIT margins on sold products.
- 4) Good brands available at affordable prices.

### **Weakness:**

- 1) High attrition rate.
- 2) Employees are not well trained in handling esteemed customers.
- 3) Sub standard Quality of goods.

- 4) There is no proper channel of advertising for promoting their products.

**Opportunities:**

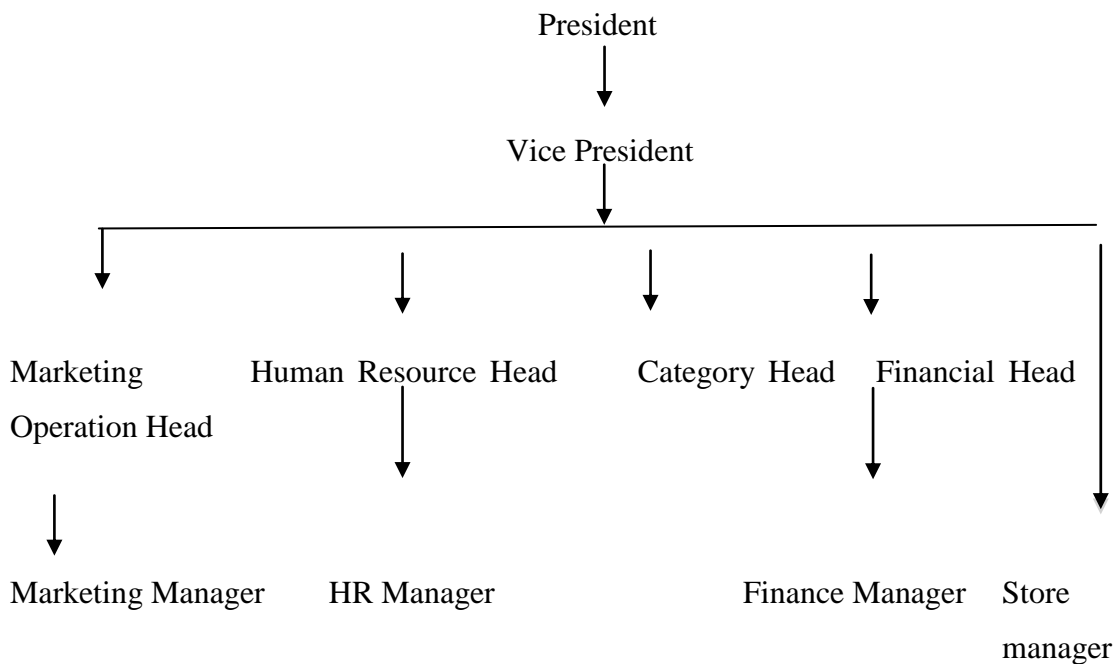
- 1) Yet a huge unorganized retail market to be tapped.
- 2) Increasing customer preferences towards organized retail outlets.

**Threats:**

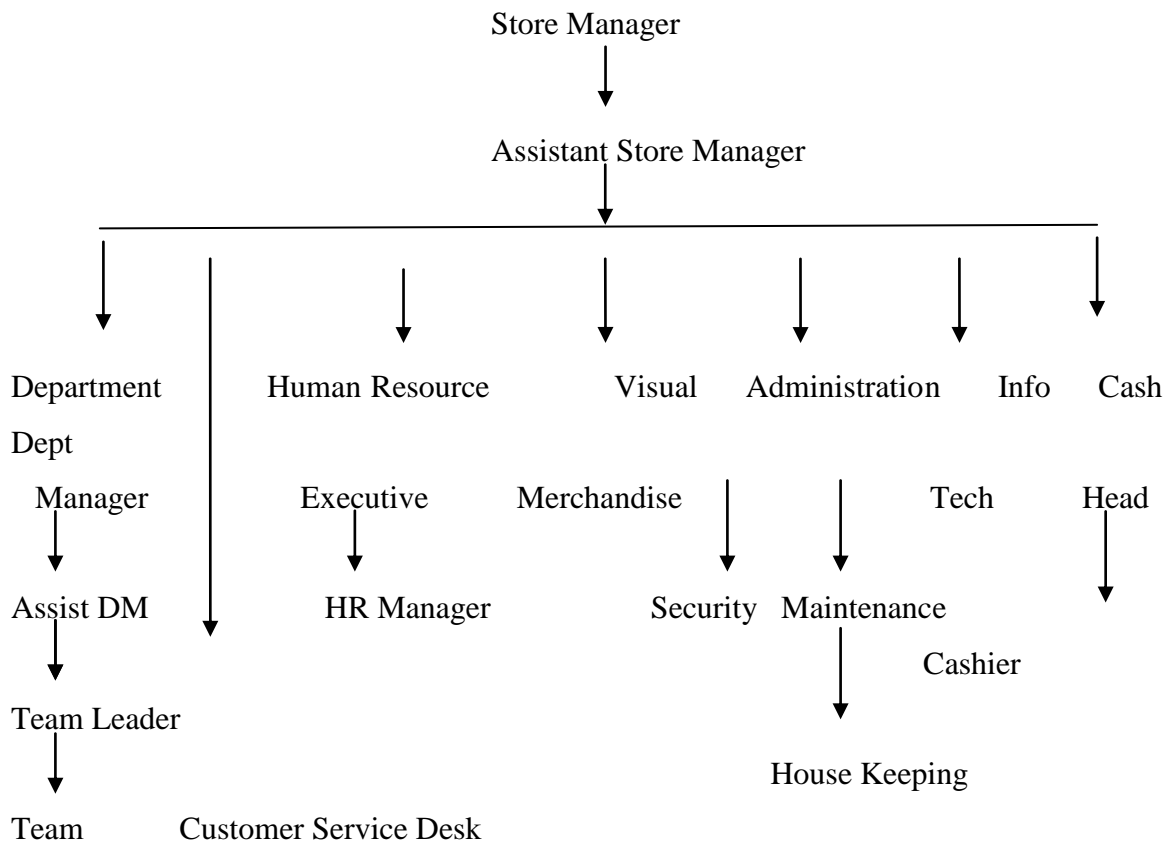
- 1) Many major players are foraying in the retail sector like Wal-Mart which may hamper their margins to gain market share.
- 2) Customers may lose their trust on the company due to the supply of substandard products and may even switch to some other company.
- 3) Unorganized retail market of India.

**ORGANIZATIONAL STRUCTURE**

The organization structure of TOTAL is presented in Figure III-3 and Figure III-4.



**Figure III-4 Organization structure of Total**



**Figure III-5 Store manager Organizational structure:**

## **BOARD OF DIRECTORS**

The board of directors of the company is listed here.

1. Sham S Bhatia, Chairman & Managing Director
2. Dinesh malpani, CEO Jubilant retail
3. H K Khan , Director
4. S Bang, - Executive Director
5. S N Singh, Executive director
6. Dr J M Khanna, Executive director)

## **Marketing Mix**

The elements of marketing mix of Total are as given under.

### **Target market**

Its daily foot falls are in the range of 12,000 on an average weekday, and around 35,000 on weekends. TOTAL targets higher and upper middle class customers with special focus on youth and women..

### **Product range**

Driven by the concept of value retailing, it has different brands. Large product mix offered by TOTAL was the main attraction for the customers. It carries more than 80,000 different products from more than 1,500 different brands, under different categories of products such as apparel, consumer durables & IT products, furniture & home furnishings, fresh fruits & vegetables, fish & meat & poultry, Garma Garam – serving fresh Indian food and Baker's Factory – Total's popular in-house bakery.

Further, Jubilant Retail is looking to launch its private label in the apparel category, to be sold exclusively in its hypermarket chain.

### **Pricing**

Pricing at TOTAL is based on the following techniques:

- **Value Pricing (EDLP – Every Day Low pricing):** TOTAL promises consumers the lowest available price without coupon clipping, waiting for discount promotions, or comparison shopping.
- **Promotional Pricing:** TOTAL offers financing at low interest rate. The concept of psychological discounting (Rs. 99, Rs. 49, etc.) is also used to attract customers. TOTAL also caters on Special Event Pricing (Close to Diwali, Gudi Padva, and Durga Pooja).
- **Differentiated Pricing:** Differentiated pricing i.e. difference in rate based on peak and non-peak hours or days of shopping is also used in Wednesday Bazaar

- **Bundling:** It refers to selling Mini grocery basket and offering discount to customers. The Mini grocery basket add value to customer and lead to increased sales. TOTAL lays a lot of importance on bundling. e.g. 10kg rice + 2kg oil + 2kg sugar + PillsBury atta 2Kg + hello Royal Basmati rice 1Kg for Rs 599

## **People**

The employment is in the range 2,000 people on regular basis and 50 on monthly basis as per requirements. Good physical appearance is insisted. Training is provided to make them well dressed and well mannered.

## **Location and layout**

They locate their hypermarket as part of the Mall. The main consideration while selecting the location was ‘whether the low margin on the products would allow the company to sustain growth’. In Bangalore they have five stores located at Mysore Road, Madivala, Sarjapur Road, Old Airport Road and Outer Ring Road, Mahadevapura

The first and second floors offer a hypermarket that carries more than 80,000 different products from more than 1,500 different brands, under different categories of products such as apparel, consumer durables & IT products, furniture & home furnishings, fresh fruits & vegetables, fish & meat & poultry, Garma Garam – serving fresh Indian food and Baker's Factory – TOTAL's popular in-house bakery.

The ground floor is occupied by a plethora of brands under food, fashion, technology & healthcare segments, such as Cafe Coffee Day, Planet Fashion, Wills Lifestyle, John Players, Woodlands, Reebok, Adidas, Proline, Home & Apparels, Books & Beyond, Hotspot, Reid & Taylor, PDA Cafe, Wizz, Lilliput, & Spykar. Also slated to open in few days are Manipal Cure & Care, Manipal Pharmacy, Leena Mogre's Fitness Centre and many more brand outlets.

Products in TOTAL are properly stacked in appropriate racks. There are different departments in the store which display similar kind of products. Throughout the store



there are boards/written displays put up which help in identifying the location of a product. Moreover boards are put up above the products which give information about the products, its price and offers. For quick and easy shopping the hypermarket has 30 billing counters.

Photos III-3 and III-4 show the lay out.

### **Photos III-3 and III-4. Store layout**



TOTAL places a lot of importance on the process right from the purchase to the delivery of goods. When customers enter the stores they can add the products they which to purchase in their trolley from the racks. There are multiple counters where bill can be generated for purchases made. TOTAL also provides pick up and drop service for the customers under the caption TOTAL EXPRESS. Pick up every 30 minutes, air conditioned vans are provided. This facility is available from 11 -11pm.

### **Some of the other facilities are:**

**Travelator** - The very first point that will attract the attention of any harried bulk household grocery shopper is the presence of a travelator instead of the usual escalators leading down from the hypermarket right into the parking area. No more waiting for empty elevators to squeeze your shopping cart and maneuvering it through people mazes to get to your car or outside the mall anymore.

**Shopping carts perambulators-** they are very helpful for parent/guardian shoppers

**Signage-** Another thing they wouldn't let you miss at TOTAL is the signage's. They're all over the place, very neat and organized, boldly screaming out the menswear or the durables sections.

**Cash counters:** The hypermarket has 22 cash counters, including express counters.

**Runners-** But what's amazing is that Jumbo Saver has actually trained a team of skaters for the cash counter area over three to four months. These 'runners' as they are called rush out to get last-minute shopping items for shoppers already at the check-out points. About four to five runners operate at each of the three shifts.

### **Promotion**

The various promotion schemes used at TOTAL include, 360<sup>0</sup> approach, consisting of 75% print media, Television, outdoor hoardings, Radio etc. Shop price competition is the sales promotion tool used at TOTAL outlet.

### **Place**

Every TOTAL outlet is owned by the company, and not franchised out to anyone. TOTAL can thus control and make quick changes to its entire retail chain.

## **SUPPLY CHAIN MANAGEMENT**

Distribution of stock starts from head office to various outlets through trucks. Tender is sent to head office and they have to approve it.

## HUMAN RESOURCES MANAGEMENT

Employees are provided congenial environment to work. . They take utmost care to select, train, motivate and retain all the employees. They have continuous developmental programmes for all the employees.

### Recruitment and Selection

For any HR activity one of the major activity is recruitment of the employee. The following are the main sources through which TOTAL recruit its employees.

a) **Walk-ins:** This is the main source through which TOTAL recruits its employees. People seeking job usually themselves approach the HR department for job vacancy. Employees usually selected from this source are appointed at the entry level as team members.

b) **Web Portals:** vacancies are notified at the carious websites and candidates will apply online. Shortlisted candidates will be called for the interview.

The following is the selection procedure that the HR department practices to hire its employees.

i) **Interview:** For entry level jobs, the candidates are interviewed by a HR person. They are asked a few basis questions about their education, previous work experience proficiency in , languages etc. This is done to evaluate the candidate's ability to communicate freely and also other skills.

iii) **Test, Group Discussion and interview** Along with the GD they are also given a written aptitude test. Finally a formal interview will be conducted to assess the overall skills of the candidate

**(iv) Reference letters :** Candidates who have given their previous employer as reference are first interviewed and opinion from their previous employer is taken into consideration. .

### **Induction**

New employees selected will be given induction. They will be given information about the company's business, different departments etc. They will be informed of their roles, duties and responsibilities. They will also be informed about the HR policies and rules of the company.

### **Training**

In-house training will be given to the regular employees once in a three months.

### **Probation**

The new employees will be on probation for a period of 6 months. After this period HR manager along with the department manager will review the performance of the employee. If the employee's performance is good and encouraging, the employee's services will be confirmed.

### **Employee Working Hours:**

Employees work on an average for 8 hours, and there are usually 2 shifts per day.

### **Compensation**

The employees are rewarded suitably with attractive pay packages. The salary of an employee includes basic pay. HRA, special allowance, PF,ESI, Medclaim etc. Annual bonus will be given at the time of Durga Pooja.

**Attendance**

All the employees will be given identity cards which they have to wear and also swipe while at the time of entering and leaving the Store. It provides time record of the employees.

**Leaves and other rules**

An employee during his probationary period is entitled for 7 days of leave. A confirmed employee is entitled for 30 days of leave in a year.

**Promotion Policy**

TOTAL prefers promoting from within, rather than externally. The current promotion policy is based purely on performance.

**Performance Appraisal**

The HR department conducts performance appraisal of all the employees quarterly. Based on their performance ratings increments will be given in their pay. In addition to this if an employee achieves or exceeds the target given to along with their team members will be provided with attractive cash and other incentives.

**Employee turnover & Retention Strategy**

To increase employee retention they strive to foster a feeling of well-being in our employees through care and respect, goof facilities and attractive incentives.

**Suggestion programme:** Jubilant Retail yet to introduce the employee suggestion programme in the TOTAL hypermarket

## **CODE OF CONDUCT**

This Code of Conduct highlights the standards of conduct expected from the Company's Directors and Senior Management so as to align these with the Company's Vision, Promise and Values.

## **VALUES**

Jubilant's Vision is driven by its Values, which are –

### Inspire Confidence

We will carefully select, train and develop our people to be creative, empower them to take decisions, so that they respond to all stakeholders with agility, confidence and teamwork.

### Always Stretch

We stretch ourselves to be cost effective and efficient in all aspects of our operations and focus on flawless delivery to create and provide the best value to our stakeholders.

### Excellent Quality

With utmost care for the environment and safety, we will always strive to excel in the quality of our processes, our products and our services.

### Nurture innovation

By sharing our knowledge and learning from each other and from markets we serve, we will continue to surprise our stakeholders with innovative solutions.

## **Objectives**

This Code has been drawn up in accordance with the Corporate Governance requirements as per SEBI's circular dated 29th October 2004.

The objectives of the Code are:

- To conduct the business of the Company with integrity, fairness and transparency.

To meet the expectations of statutory and regulatory authorities, and progressively enhance the scope of this Code to align the conduct with the expectations of shareholders, other stakeholders and the society at large.

### **Applicability**

This Code shall come into effect on 30th December, 2005 and shall apply to all the Directors and Senior Management of Jubilant. Senior Management means all Executive Directors, Business Unit Heads, Growth Unit Heads, Chiefs of Divisions, Plant Heads and Functional Heads. Jubilant's subsidiaries will also be made aware of this Code and encouraged to introduce a Code on these lines in due course.

### **Respect for Individual**

Jubilant has the vision to be among the top ten employers in India. This will be possible only when the Directors and Senior Management respect the rights of those around and

- train and develop the people to be creative and empower them to take decisions.
- treat individual in all aspects of employment on the basis of ability irrespective of nationality, race, caste, creed, religion or gender.
- neither initiate nor tolerate racial, sexual or any other kind of discrimination or harassment.

### **Honest and Ethical Conduct**

#### **i. Compliance with the Law**

The Directors and Senior Management must exhibit their total submission to the limits of law in drawing up the business policies, including strict adherence to and monitoring of legal compliances at all levels.

#### **ii. Fair and Transparent Conduct**

The Directors and Senior Management are expected to act in accordance with the highest standards of personal and professional integrity, independence, honesty and ethical conduct including use of utmost care and sound judgment in good faith in business decision making. Business must be done by lawful, ethical and fair means and must bring

about a reputation of ethical business dealings by the Company. There shall be no room for discrimination, harassment, retaliation or any form of corruption and/or conduct that is likely to bring discredit to the Company.

### **Conflict of Interest**

If an individual's personal interest interferes with the interests of the Company, a „conflict of interest“ arises. A conflict of interest has the effect of influencing or distorting business decisions by reason of individual, family, financial or other interests. In such a situation the Directors/Senior Management must promptly disclose the details to the Board of Directors in case of a director and to the Chairman and Managing Director / Co-Chairman and Managing Director in case of Senior Management. Monetary transactions between the Company and a Director and/or their related parties shall be brought to the knowledge of the Board. The Directors / Senior Management should not appropriate corporate business opportunities for themselves or use Company information for personal gain.

### **Concurrent Employment**

Senior Management shall not, without the prior approval of the Chairman & Managing Director / Co-Chairman & Managing Director, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide „freelance“ services to anyone.

The Directors shall avoid joining the Boards of competitors or taking up advisory or consultative assignments, whether for remuneration or otherwise, in competing organizations other than their existing directorships.

### **Confidential Information**

The confidential and proprietary information of the Company is its valuable asset. It is the duty of the Directors and Senior Management to protect confidentiality and to



introduce effective checks for this purpose. The Directors/Senior Management are expected to handle confidential information discreetly. Such information should be used only for the purpose of business of the Company. This obligation continues even after leaving the directorship/employment of Jubilant. They are also expected to keep similar confidential information received from third parties under conditions of confidentiality. The Directors and Senior Management shall execute an Oath of Secrecy in the prescribed format.

### **External Communication with Media and Investors**

To maintain and retain Jubilant's reputation and to ensure that information to media / investors is accurate and properly presented, only the Chairman and Managing Director or Co-Chairman and Managing Director or the designated representatives would give interviews or make statements to media / investors. Any other Director / Senior Management receiving requests for information from media, investors (analysts, fund managers, brokers) or any external agency, should refer to Corporate Communications who would consult Chairman and Managing Director or Co-Chairman and Managing Director before authorizing the Director / Senior Management to reply to such requests. The Directors / Senior Management should take the update from Corporate Communications before interaction with media / investors / any other external agencies.

### **Protection and Proper Use of Company Assets**

The Directors and Senior Management should protect the Company's assets and ensure their efficient use. All company assets should be used only for legitimate business purposes.

The responsibilities of the Directors/Senior Management extend to:

#### **(a) The Fiduciary Responsibility**

This includes, protecting the Company's assets, maintaining and managing the Company's records, ensuring true, fair and accurate accounting of all transactions, fair

use of the Company"s funds, reducing waste/emissions, providing a safe environment for the employees and safeguarding the intellectual property assets.

(b) Transparency

For good corporate governance ensure (i) Compliances with law (ii) Strict adherence to Accounting policies, (iii) Integrity in communication (timely, accurate reporting) and (iv) Providing the internal and statutory Auditors and the Audit Committee, full access to all information and records of the Company.

**Prohibition of Insider Trading**

Every director and member of Senior Management and his relatives as defined in Jubilant Retail's Policy and Procedures- Prevention of Insider Trading (hereinafter called "Insider Code"), shall comply with the Insider Code which has been posted on the Company"s intranet "Chemway". The Insider Code, interalia, requires them to:

(i) Not purchase or sell securities of the Company while in possession of material and non-public information relating to securities of the Company.

(ii) Not trade in securities of the Company during the period when the trading window is closed.

(iii) Get the proposed transaction in the Company"s securities pre-cleared, if it exceeds threshold limits viz. Rupees 5 Lacs in value or 5,000 shares or 2% of total capital, whichever is lower.

(iv) Disclose to the Company the total number of shares held and change in shareholding, if there has been a change in such holdings from the last disclosure made if the change exceeds Rupees 5 Lacs in value or 25,000 shares or 1 % of total capital, whichever is lower.

(v) Directly or indirectly pass on the material and non-public information to any one (whether inside the company or outside), except on a need to know basis.

(vi) Intimate trading in the securities of the Company during the period other than trading window, to the Compliance Officer within 24 hours of trading. (vii) Hold the investments for a minimum period of 30 days from the date of purchase of securities.

### **Dealings with Outsiders**

(a) With competitors, industrial espionage Contacts / associating with competitors should be limited to legitimate purposes, including, membership of a trade association etc. Utilizing an association such as this for the purpose of stealing / seeking business information, gaining employee information, planning price cartels, etc should be against the Company's mission.

### **(b) Gifts and Entertainment**

Though business gifts and entertainment are customary, they need to be viewed with caution. Occasionally, the directors and senior management may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

However, when an inducement is directly or indirectly made so as to influence a business decision, it must be guarded against.

### **Annual Affirmation**

The Directors and Senior Management shall affirm compliance with the Code as on 31st March of each year, starting with the year 2005-06. This affirmation shall be given to the Chairman & Managing Director/Co- Chairman and Managing Director in the enclosed format.

### **Penalty for Breach**

The Directors and Senior Management are accountable for full compliance with this Code of Conduct. Sanctions for breach of this Code shall be determined by the Board of Directors in case of Directors and by the Chairman & Managing Director/Co-Chairman

and Managing Director in case of Senior Management. Sanctions may include disciplinary action, removal from office as well as other remedies, deemed appropriate and permitted by law. Any significant breach of the Code must be notified to the Board of Directors and the Chairman & Managing Director/Co-Chairman and Managing Director, as the case may be, who will in turn report it to the Jubilant's Board of Directors on the Code's operation and effectiveness alongwith any significant breach of the Code.

### Comparisons

Table III-3 compares Big Bazaar and TOTAL

**Table III-3 Summary of comparison between Big Bazaar and TOTAL profile**

<b>Parameters</b>	<b>Big Bazaar</b>	<b>Total</b>
Ownership	Owned by future group, it has 120 outlets across the country.	Owned by Jubilant Group; it has 5 hyper markets in India (All in Bangalore)
<ul style="list-style-type: none"> <li>• % of sales from food</li> <li>• Size of the koramangla store</li> <li>• SKU's</li> <li>• Variety</li> <li>• Assortment</li> <li>• Check out line</li> <li>• Price</li> </ul>	<p>50+%</p> <p>40,000+ sq feet</p> <p>80,000 units</p> <p>Average</p> <p>Deep</p> <p>10</p> <p>Low</p>	<p>30%</p> <p>70,000 sq feet</p> <p>80,000 units</p> <p>Average</p> <p>Average</p> <p>11</p> <p>Low</p>

<ul style="list-style-type: none"> <li>• Store layout</li> </ul>	Store has 3 floors	2nd floor of the mall-Store layout
<ul style="list-style-type: none"> <li>• Location strategy:</li> <li>Customer Service:</li> <li>Promotion</li> <li>• Pricing:</li> </ul>	<p>Standalone</p> <p>Limited</p> <p>Yearly savings bazaar during January, Monthly savings bazaar, Wednesday savings bazaar.</p> <p>Communication through TV, Newspaper inserts (Association with ToI), Palm lets, Banners and Hoardings, In store announcements.</p> <p>Low margin-high volume, Price bundling, Loss leaders</p>	<p>Part of a Mall</p> <p>Limited</p> <p>Special days and Occasions, Gift cards and vouchers.</p> <p>Communication through Newspaper inserts, Palm lets, Banners and Hoardings, In store announcements.</p> <p>Low margin-high volume, Below MRP, Price bundling,</p>
<ul style="list-style-type: none"> <li>• HR:</li> <li>• Issues</li> </ul>	<p>There are three types of requirements of staff for big bazaar:</p> <ul style="list-style-type: none"> <li>✓ Managerial candidates</li> <li>✓ Labour candidates</li> <li>✓ Sales executives</li> </ul> <p>Attrition &amp; Integrity issues</p>	<p>✓ One In store manager, 50 sales personal, Apart from them they have other employees.</p> <p>✓</p> <p>Theft, absenteeism and social loafing issues.</p>
<ul style="list-style-type: none"> <li>• Multi Channel:</li> </ul>	Only store formats	Store formats, Catalogues (Home delivery)

<ul style="list-style-type: none"> <li>• Merchandising:</li> <li>✓ .</li> </ul>	<ul style="list-style-type: none"> <li>✓ Decisions made by respective stores on the basis of the kind of goods that are sold most.</li> <li>✓ The stores are connected to a central warehouse from where as per the order the requirement is met.</li> </ul> <p>Certain purchases are made centrally while others are made locally</p>	<ul style="list-style-type: none"> <li>✓ Centralized purchasing, but modifications are done to meet various store needs.</li> <li>✓ Tender is sent to Domlur head office and they have to approve it.</li> </ul>
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