

Profitability and Trend Analysis of Select Retail Companies in India

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Abstract

Retailing involves a direct interface with the customer and the coordination of business activities from end to end, right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The business environment in the last decade has changed the face of every business activity with a paradigm shift in the volume and quality. Retailing is considered as one of the largest industries in India. It has emerged as one of the most dynamic and fast paced industries, with several players entering the market. The Indian retail business is being driven by yearly net profit, operational efficiency, changing lifestyles, and favorable demographic patterns. The retail sector is an important contributor to the development of our economy. An important aspect of the current economic scenario in India is the emergence of organized retailing, which involves a highly competitive environment, a business setup, cost of labour and materials, consumer based products, and so forth. The study aims to analyze the profitability position, overall operating indicator, and trend analysis of selected retail companies in India considering the time period from 2002-03 to 2011-12.

Keywords: retail, profitability scoring multiplier analysis, trend analysis, correlation, organized retail
JEL Classification Code: G14, L1, L5, L6

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The word 'Retail' comes from the French word 're-trailer' meaning 'cutting off, clip and divide' in terms of tailoring in 1365. It was first recorded as a French noun with the meaning 'sale in small quantities' in 1433. In simple terms, it implies a first-hand transaction with the customer. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer (Rao & Zaheer, 2006). The business environment in the last decade has changed the face of every business activity with a paradigm shift in the volume and quality.

Retailing is considered as one of the largest industries in India. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. The Indian retail business is being driven by yearly net profit, operational efficiency, changing lifestyles, and favorable demographic patterns. The retail sector is an important contributor to the development of our economy. An important aspect of the current economic scenario in India is the emergence of organized retailing, which involves a highly competitive environment, a business setup, cost of labour and materials, consumer based products, and so forth. The organized retailing culture initiated in the western and eastern countries. The Indian retail industry provides employment to 7% of the total workforce. In developed countries, this figure is in the range of 11-20%. The retail sector has the potential to be one of the biggest contributors to the GDP and has enormous opportunities for the organized sector. It is stated that several foreign players are interested to enter (invest) in the Indian retail industry. The nature of this industry is such that it does not produce anything on its own, but requires huge investment to create the ambience (Paladi, 2012). The study aims to analyze the profitability position, overall operating indicator, and trend analysis of selected retail companies in India.

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Review of Literature

According to Dash (2011), the Indian retail sector is growing fast and is changing consumer preferences across the country. In India, the retail sector is the largest contributing sector to the GDP (10%) as compared to 8% in China and 6% in Brazil. The retail sector will provide 2.5 million job opportunities by 2020, and will also offer huge potential for growth in the upcoming years. A study conducted by Sumathi and Akash (2012) revealed that consumers prefer to shop at organized retail outlets as these outlets sell branded products, have good infrastructure, and offer good services and discounts to the customers.

Rahman (2012) identified that the organized retail sector's accounts were expected to grow for 5%, but there was a 10% increase by the end of 2011. The study revolved around the opportunities and challenges faced by the organized retail players in India and the study revealed that competition from the unorganized retail sector was the biggest challenge facing the organized retail sector. In addition, inefficient distribution channels, internal logistics problems, and retail shrinkage are the other challenges.

Statement of the Problem

The retailing industry is one of the promising sectors in India that has been growing at an average of 7% for the past few years, and the growth in this sector is expected to be the same for the next few years too. Industry experts feel that sustained investments and deregulation will help the modern retailing business in India to grow at 15-20% over the next decade (Sharma, 2012). The modern Indian consumer is seeking more value in terms of improved availability and quality of commodities, pleasant shopping environment, financing options, trial rooms for clothing products, return and exchange policies, competitive prices, and above all, a good parking facility. This has created a rapidly growing opportunity for organized modern retail formats to emerge in recent years and grow at a faster pace. Inefficiency in the traditional supply chains offer further opportunity for the organized players to draw on this large market, even though lack of consumer culture, and low purchasing power restrict the development of modern formats. Migration from unorganized to organized retailing is slowly and surely being witnessed in India, especially after the opening up of the economy in the late 1990s. Kar & Sahoo (2009) tried to pinpoint the issues and challenges being faced by this sunrise sector. The cost of the products sold and other overheads in big retail stores will also be very high. The financial needs of retail companies are more dependent on the other channel members (investors).

With this backdrop, we have made an attempt to analyze the profitability and overall score of select retail companies in India considering the period of the last ten years.

Objectives of the Study

The following are the objectives of the study:

- To analyze the profitability position of the selected retail companies in India.
- To examine the growth prospects of the selected retail companies.

Scope of the Study

The efficiency of a business is measured by the profitability of the business. This study aims to evaluate the profitability position of the selected retail companies in India with the help of certain tools. The study only considers selected organized retail companies. The study does not cover the unorganized retail companies, retail service quality, supply chain, food retailing, customer perception, opportunities, issues, and challenges in the Indian retail sector.

Methodology

➤ **Sources of Data** : The data collected for the study is secondary data. The required data for the study were collected and compiled from Centre for Monitoring Indian Economy (CMIE) and the study covers a period of ten years (from 2002-2003 to 2011-2012).

➤ **Framework of Analysis :** The collected data were analyzed with the help of both financial and statistical tools. Profitability scoring multiplier analysis (operating, non-operating, and financial indicators were considered to give the overall score) is a technique that was adopted to analyze and interpret the profitability position of the selected retail companies. Operating indicator was employed to measure the variables of gross profit and sales; the non-operating indicator considers the total assets and non-core assets. Financial indicators were used to calculate the sources of funds in long term capital and debt capital of retail companies. Finally, the overall score is a multiple all the three indicators and reveals the organization that had the best performance during the study period. This study also applies correlation and trend analysis.

➤ **Sampling Design :** As the complete source list of the retail industry was not available, the data for this study were selected based on purposive sampling method, and considered companies listed on both - the Bombay Stock Exchange and the National Stock Exchange. It was observed that 43 retail companies are listed in the BSE 200 index. Out of these, the top 10 companies were selected on the basis of highest sales turnover.

➤ **List of the Selected Retail Companies :** The list of the sample retail companies considered for the present study is given in the Table 1.

Table 1. List of Sample Retail Companies in India

S.No.	Name of Retail Companies
1	Archies India Ltd.
2	Bata India Ltd.
3	Bombay Swadeshi Ltd.
4	Heritage Foods India Ltd.
5	Pantaloon Retail India Ltd.
6	Paramount Cosmetics India Ltd.
7	Provogue Retail (India) Ltd.
8	Shoppers Stop Ltd.
9	Sun and Shine Worldwide Ltd.
10	Valuemart Retail India Ltd.

Source: CMIE

Hypothesis

The following hypothesis has been framed for the present study :

➤ **H0: There is no significant relationship between the profitability ratios among the select retail companies.**

Limitations of the Study

➤ The study is confined only to the organized retail companies in India.

➤ The study considered a period of ten years (from 2002-2003 to 2011-2012) only. The findings and suggestions of the study are not related for future time periods.

Results and Discussion

The Table 2 reveals the profitability scoring multiplier analysis of select retail companies in India from 2002-2003 to 2011-2012. The overall profitability analysis of retail companies showed a fluctuating trend during the study period. This has been due to unfavorable purchasing policies, low sales, and also due to improvement in fixed assets and current assets. Paramount Cosmetics India Ltd. had the highest operating indicator of 0.95% in 2010-2011, followed by Bata India Ltd., which had an operating indicator of 0.55% in 2011-2012. Archies India Ltd. had the lowest

operating indicator of 0.1% in 2002-2003. The overall non-operating indicator analysis of retail companies showed an irregular trend during the study period, which reflects the need for improvement in total assets, increasing the earning before interest and tax, and reducing the non-core assets. Bata India Ltd. had the highest non-operating indicator of 1163.15% in 2003-2004 and 902.45% in 2011-2012 when compared with other retail companies. Bata India Ltd. had a negative non-operating indicator of 498.25% in 2002-2003.

The overall financing indicator analysis of retail companies showed an unpredictable trend during the study period, which reflected the increasing long-term capital and debt capital. Heritage Foods (India) Ltd. had the highest financial performance of 34.02% in 2011-2012. Paramount Cosmetics India Ltd. had a negative financial growth of 0.74% in 2002-2003. The overall performance of the selected retail companies showed a positive trend during the study period based on operating, non-operating, and financial indicator analysis. Heritage Foods (India) Ltd. had the highest overall score of 1145.47% in 2009-2010 followed by 905.56% in 2006-2007. It was found that there is less consistency in profitability and operating performance when compared with other retail companies. Pantaloon Retail India Ltd. had the highest operating indicator of 156.89% in 2007-2008, and 107.44% in 2010-2011. Sun and Shine Worldwide Ltd. had the lowest operating indicator of 0.02% in 2007-2008. This low figure can be attributed to unfavorable purchasing policies, lower sales, and also improvement in fixed assets and current assets.

The overall non-operating indicator analysis of retail companies showed an irregular trend during the study period, which reflected the need to improve the total assets, increasing the earning before interest and tax, and reducing the non-core assets. Pantaloon Retail India Ltd. had the highest non-operating indicator of 2002.39% in 2008-2009, followed by Provogue Retail (India) Ltd., which had the non-operating indicator of 1513.14% in 2008-2009 as compared with other retail companies. Sun and Shine Worldwide Ltd. had a negative non-operating indicator of 58.87% in 2003-2004.

The overall financing indicator analysis of retail companies showed an unpredictable trend during the study period, which reflected the increasing long-term capital and debt capital. Pantaloon Retail India Ltd. had the highest financial performance of 20.53% in 2008-2009, followed by Provogue Retail (India) Ltd., which had the highest financial performance of 14.43% in 2008-2009. Sun and Shine Worldwide Ltd. had a negative financial growth of -0.004% in 2002-2003. The overall performance of the selected retail companies showed a positive trend during the study period based on operating, non-operating, and financial indicator analysis. Provogue Retail (India) Ltd. had the highest overall score of 10299.37% in 2010-2011 followed by 1210.46% in 2007-2008. It was found that Provogue Retail (India) Ltd. had less consistency in profitability and operating performance when compared with other retail companies.

The Table 3 depicts the trend analysis of the selected retail companies in India during the study period from 2002-2003 to 2011-2012. According to the trend, the total assets of Archies India Ltd., Bata India Ltd., Bombay Swadeshi Stores Ltd., Heritage Foods India Ltd., Paramount Cosmetics India Ltd., Pantaloon Retail India Ltd., Provogue Retail (India) Ltd., Shoppers Stop Ltd., Sun and Shine Worldwide Ltd., and Valuemart Retail India Ltd. were increasing, and are expected to attain a figure of ₹175.11 crores, ₹ 587.34 crores, ₹ 24.95 crores, ₹ 2127.81 crores, ₹ 43.90 crores, ₹ 583.23 crores, ₹ 1922.98 crores, ₹ 1335.31 crores, ₹ 89.19 crores, and ₹ 2.85 crores respectively in the year 2020.

The gross profit trend analysis of Archies India Ltd., Bata India Ltd., Heritage Foods India Ltd., Paramount Cosmetics India Ltd., Pantaloon Retail India Ltd., Provogue Retail (India) Ltd., Shoppers Stop Ltd., and Sun and Shine Worldwide Ltd. showed an increasing trend, and the figures for profit for the said companies are expected to attain values of ₹ 35.28 crores, ₹ 468.02 crores, ₹ 61.26 crores, ₹ 5.03 crores, ₹ 49.44 crores, ₹ 153.92 crores, ₹ 562.44 crores, and ₹ 0.76 crores respectively in the year of 2020. However, the gross profit of Bombay Swadeshi Stores Ltd., and Valuemart Retail India Ltd. showed a decreasing trend, and the gross profits are expected to fall to a low value of ₹ -0.06 crores and ₹ 0.13 crores in the year 2020.

The sales of all the retail companies - Archies Ltd., Bata India Ltd., Bombay Swadeshi Stores Ltd., Heritage Foods India Ltd., Paramount Cosmetics India Ltd., Pantaloon Retail India Ltd., Provogue Retail (India) Ltd., Shoppers Stop Ltd., Sun and Shine Worldwide Ltd., and Valuemart Retail India Ltd. - showed an increasing trend during the study period. The sales are expected to attain the following figures for the respective 10 companies in the year 2020 - ₹ 298.33 crores, ₹ 1972.13 crores, ₹ 30.86 crores, ₹ 2127.81 crores, ₹ 52.20 crores, ₹ 11222.35 crores, ₹ 1087.93 crores, ₹ 3437.72 crores, ₹ 5.49 crores, and ₹ 0.14 crores in the year of 2020.

The Table 4 depicts the correlation analysis of the selected retail companies in India from 2002-2003 to 2011-2012.

Table 2. Summary of Profitability Scoring Multiplier Analysis among Selected Retail Companies in India during the period from 2002-2003 to 2011-2012

(In percentage)

Name of the company	Profitability Indicator	Year									
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Archies India Ltd.	Operating Indicator	0.1	0.15	0.17	0.16	0.16	0.16	0.07	0.14	0.16	0.17
	Non- Operating Indicator	53.71	52.47	60.96	65.67	85.43	107	52.3	99.8	118.16	116.01
	Financing Indicator	0.32	0.27	0.63	0.55	0.36	2.12	0.68	1.56	1.84	0.56
	Overall Score	1.71	2.12	6.52	5.77	4.92	36.42	2.48	21.79	34.78	11.04
Bata India Ltd.	Operating Indicator	0.003	-0.07	0.03	0.09	0.15	0.17	0.21	0.30	0.33	0.55
	Non- Operating Indicator	-498.25	1163.15	503.63	325.38	355.57	248.61	235.06	291.05	321.36	902.45
	Financing Indicator	-12.24	1.99	0.12	0.78	0.48	0.52	0.44	0.25	0.15	0.25
	Overall Score	182.95	-162.02	-1.81	22.84	25.60	21.97	21.71	21.82	15.90	124.08
Bombay	Operating Indicator	0.15	0.15	0.12	0.11	0.12	0.09	0.05	0.08	0.07	0.05
Swadeshi	Non- Operating Indicator	14.13	17.01	22.33	35.82	44.28	81.82	-16.14	30.50	41.31	28.89
Stores Ltd.	Financing Indicator	-0.11	2.03	2.51	1.80	1.44	0.02	-0.85	0.58	1.27	0.29
	Overall Score	-0.23	0.51	6.72	7.09	7.65	0.14	0.68	1.41	3.67	0.41
Heritage Foods (India) Ltd.	Operating Indicator	0.42	0.34	0.26	0.11	0.14	0.01	0.41	0.11	0.07	0.08
	Non- Operating Indicator	51.22	81.21	77.01	94.87	191.71	675.65	872.38	279.48	241.17	247.49
	Financing Indicator	8.67	31.05	14.63	22.89	33.74	31.02	-1503.88	37.26	5.63	34.02
	Overall Score	186.51	857.33	292.93	238.87	905.56	209.58	-53790.14	1145.47	95.04	673.56
Paramount	Operating Indicator	0.13	0.08	0.09	0.08	0.05	0.06	0.06	0.07	0.95	0.11
Cosmetics	Non- Operating Indicator	12.82	11.49	10.80	20.98	22.86	22.74	22.38	24.13	45.99	36.22
India Ltd.	Financing Indicator	-0.74	1.25	0.02	0.29	0.25	0.36	0.31	0.53	1.22	1.20
	Overall Score	-1.213	1.14	0.01	0.48	0.28	0.49	0.41	0.89	53.30	4.78
Pantaloon Retail India Ltd.	Operating Indicator	3.93	9.81	6.17	10.50	0.16	156.89	24.87	14.36	107.44	1.66
	Non- Operating Indicator	64.50	63.39	57.21	265.74	323.57	52.28	2002.39	236.85	443.08	357.11
	Financing Indicator	0.37	0.58	0.04	-0.71	0.36	1.26	20.53	0.36	0.20	0.20
	Overall Score	93.78	360.06	14.11	-1981.09	18.63	-10334.78	1220.28	1480.21	9520.90	118.56
Provogue Retail (India) Ltd.	Operating Indicator	0.17	0.10	0.19	0.16	0.16	0.19	0.18	0.06	7.47	0.12
	Non- Operating Indicator	20.23	36.66	78.29	165.48	333.48	558.85	1513.14	1268.20	1115.96	1021.41
	Financing Indicator	1.52	1.20	8.01	10.69	12.79	11.40	14.43	12.57	11.89	8.37
	Overall Score	5.22	4.39	119.14	283.05	682.43	1210.46	3930.22	956.47	10299.37	1025.90
Shoppers Stop Ltd.	Operating Indicator	0.34	0.38	0.40	0.55	0.52	0.39	0.39	0.57	0.64	0.49
	Non- Operating Indicator	117.12	137.35	182.15	351.48	440.97	492.59	489.36	515.31	769.22	92.08
	Financing Indicator	0.44	0.51	0.92	0.62	1.10	0.39	2.08	1.47	1.30	1.48
	Overall Score	17.52	26.61	67.03	119.85	229.30	74.92	396.96	431.77	639.99	66.77
Sun and Shine	Operating Indicator	0.16	0.10	0.09	0.01	0.005	0.02	-0.08	0.01	0.01	0.009
Worldwide Ltd.	Non- Operating Indicator	21.57	-58.87	-12.35	97.28	42.77	5.26	15.53	29.75	165.40	116.76
	Financing Indicator	-0.004	1.09	0.01	0.13	0.15	0.38	1.03	0.76	0.16	0.04
	Overall Score	-0.01	-6.41	-0.01	0.12	0.32	0.03	-1.27	0.22	0.26	0.42
Valuemart	Operating Indicator	0.13	0.08	0.09	0.08	0.05	0.06	0.06	0.07	0.95	0.11
Retail India Ltd.	Non- Operating Indicator	12.82	11.49	10.80	20.98	22.86	22.74	22.38	24.13	45.99	36.22
	Financing Indicator	-0.74	1.25	0.02	0.29	0.25	0.36	0.31	0.53	1.22	1.20
	Overall Score	-1.23	1.14	0.01	0.48	0.28	0.49	0.41	0.89	53.30	4.78

Source: Compiled and Calculated from the data published in CMIE.

Table 3. Summary of Trend Analysis of Selected Retail Companies in India during the period from 2002-2003 to 2011-2012

(₹ In Crores)

Name of the company	Trend Analysis	Year										
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2019-20*
Archies India Ltd.	Total Assets	48.07	56.01	63.95	71.89	79.83	87.77	95.71	103.65	11.59	119.53	175.11
	Gross profit	7.68	9.24	10.80	12.36	13.92	15.48	17.04	18.60	20.16	21.72	35.28
	Sales	51.61	67.03	82.45	97.87	113.29	128.71	144.13	159.55	174.97	190.39	298.33
Bata India Ltd.	Total Assets	264.78	284.94	305.10	325.26	345.42	365.58	385.74	405.90	426.06	446.22	587.34
	Gross profit	-29.26	1.82	32.90	63.98	95.06	126.14	157.22	188.30	219.38	250.46	468.02
	Sales	515.81	606.83	697.85	768.87	879.89	970.91	1060.93	1152.95	1243.97	1334.99	1972.13
Bombay Swadeshi Stores Ltd.	Total Assets	10.55	11.45	12.35	13.25	14.15	15.05	15.95	16.85	17.75	18.65	24.95
	Gross profit	2.62	2.46	4.20	2.14	1.98	1.82	1.66	1.50	1.34	1.18	-0.06
	Sales	17.35	18.26	19.10	19.94	21.62	21.60	22.46	23.30	24.14	25.04	30.86
Heritage Foods (India) Ltd.	Total Assets	16.77	148.71	280.65	412.59	544.53	676.47	808.41	940.35	1072.29	1204.23	2127.81
	Gross profit	18.99	21.66	29.30	26.94	29.58	32.22	34.86	37.50	40.14	42.81	61.26
	Sales	16.77	148.71	280.65	412.59	544.53	676.47	808.41	940.35	1072.29	1204.23	2127.81
Paramount Cosmetics India Ltd.	Total Assets	8.39	11.17	13.95	16.73	19.51	22.29	25.07	27.85	30.63	33.41	43.90
	Gross profit	1.51	1.73	1.95	2.17	2.39	2.61	2.83	3.05	3.27	3.49	5.03
	Sales	16.97	19.20	21.40	23.60	25.80	28.00	30.20	32.40	34.60	36.82	52.20
Pantaloon Retail India Ltd.	Total Assets	32.51	66.93	101.35	135.77	170.19	204.61	242.03	273.45	307.87	342.29	583.23
	Gross profit	-1.13	2.04	5.20	8.36	11.52	14.68	17.84	21.00	24.00	27.33	49.44
	Sales	-576.97	160.49	897.95	1635.41	2372.87	3110.33	3847.79	4585.25	5322.71	6060.17	11222.35
Provogue Retail (India) Ltd.	Total Assets	-110.34	25.18	151.70	278.22	404.74	531.26	657.78	784.30	910.82	1037.34	1922.98
	Gross profit	0.96	8.72	18.40	28.08	37.76	47.44	57.12	66.80	76.48	86.16	153.92
	Sales	-19.66	49.63	118.85	188.07	257.29	326.51	395.73	464.95	534.17	603.46	1087.93
Shoppers Stop Ltd.	Total Assets	62.59	142.21	221.75	301.29	380.83	460.37	539.91	619.45	698.99	778.60	1335.31
	Gross profit	9.48	44.04	78.60	113.16	147.72	182.28	216.84	251.40	285.96	320.52	562.44
	Sales	140.44	346.52	552.60	758.68	964.76	1170.84	1376.92	1583	1789.08	1995.16	3437.72
Sun and Shine Worldwide Ltd.	Total Assets	1.37	4.29	9.95	15.61	21.27	26.93	32.59	38.25	43.91	49.57	89.19
	Gross profit	-0.22	-0.13	0.07	0.01	0.04	0.76	0.16	0.22	0.28	0.36	0.76
	Sales	4.47	4.59	4.65	0.004	4.83	4.83	4.80	4.95	5.01	5.12	5.49
Valuemart Retail India Ltd.	Total Assets	1.25	1.35	1.45	1.55	1.65	1.75	1.85	1.95	2.05	2.15	2.85
	Gross profit	-0.03	-0.46	-0.006	0.008	0.007	0.22	0.008	0.006	0.51	0.34	0.13
	Sales	0.03	0.03	0.04	0.07	0.05	0.06	0.07	0.13	0.08	0.09	0.14

Source: Compiled and Calculated from the data published in CMIE. * Predicted value

Among the selected retail companies, positive correlation was observed between net profit ratio and select ratios which are significant at the 1% and 5% level of significance. Hence, the null hypothesis is rejected. This means that there is a significant relationship between the profitability ratios.

Table 4. Summary Statistics of Relationship of Profitability Ratios among the Select Retail Companies in India from 2002-2003 to 2011-2012

H0: There is no significant relationship between profitability ratios among the selected retail companies

Name of the Company	Ratios	Ratios						Name of the Company	Ratios	Ratios					
		GPR	NPR	OPR	ROSI	ROEC	EPS			GPR	NPR	OPR	ROSI	ROEC	EPS
Archies India Ltd.	GPR	1						Pantaloon Retail India Ltd.	GPR	1					
	NPR	.808**	1						NPR	0.245	1				
	OPR	.869**	.862**	1					OPR	0.279	-.642*	1			
	ROSI	.722*	.948**	.756*	1				ROSI	0.281	.718*	-.0576	1		
	ROEC	0.257	.720*	0.419	.825**	1			ROEC	-0.216	0.262	0.1	-.0041	1	
EPS	0.453	0.402	0.53	0.333	0.185	1	EPS	0.484	0.558	-0.379	0.586	0.153	1		
Bata India Ltd.	GPR	1						Provogue (India) Ltd.	GPR	1					
	NPR	.954**	1						NPR	0.154	1				
	OPR	.914**	.798**	1					OPR	0.408	-0.169	1			
	ROSI	.845**	.944**	0.592	1				ROSI	.718*	0.476	-.0062	1		
	ROEC	.988**	.975**	.883**	.872**	1			ROEC	-0.337	0.629	-0.273	-.0029	1	
EPS	0.631	0.45	.756*	0.293	0.598	1	EPS	-0.433	-0.322	-0.165	-0.469	0.358	1		
Bombay Swadeshi Stores Ltd.	GPR	1						Shoppers Stop Ltd.	GPR	1					
	NPR	0.051	1						NPR	0.578	1				
	OPR	-0.489	0.183	1					OPR	.663*	0.35	1			
	ROSI	-0.165	.948**	0.309	1				ROSI	0.42	.956**	0.206	1		
	ROEC	-0.125	.955**	0.287	.991**	1			ROEC	.722*	.908**	.646*	.852**	1	
EPS	-0.362	.642*	0.371	.787**	.827**	1	EPS	.711*	.911**	0.615	.875**	.956**	1		
Heritage Foods (India) Ltd.	GPR	1						Sun and Shine Worldwide Ltd.	GPR	1					
	NPR	.910**	1						NPR	-0.025	1				
	OPR	.988**	.909**	1					OPR	-0.008	-0.072	1			
	ROSI	.836**	.964**	.832**	1				ROSI	0.078	.934**	0.086	1		
	ROEC	.700*	.888**	.710*	.945**	1			ROEC	0.143	.922**	0.079	.996**	1	
EPS	-.856**	-.829**	-.836**	-.712*	-0.546	1	EPS	0.108	-0.31	-0.002	-0.194	-0.178	1		
Paramount Cosmetics India Ltd.	GPR	1						Valuemart Retail India Ltd.	GPR	1					
	NPR	.780**	1						NPR	-0.414	1				
	OPR	.929**	.916**	1					OPR	.941**	-.683*	1			
	ROSI	.791**	.995**	.934**	1				ROSI	0.55	0.387	0.303	1		
	ROEC	.711*	.992**	.876**	.983**	1			ROEC	0.538	0.388	0.293	.998**	1	
EPS	0.567	.794**	.821**	.833**	.794**	1	EPS	0.591	-0.393	0.628	0.528	0.535	1		

*Correlation is significant at the 0.05 level (1-tailed) ** Correlation is significant at the 0.01 level (2-tailed), (Constant), EPS, Return on Equity, GPR, OPR, NPR, Net worth, Dependent Variable: Net Profit. Source : CMIE

Suggestions

➤ The profits earned by Sun and Shine Worldwide Ltd. were very low as compared with the profits earned by the other selected retail companies. Hence, in order to increase the profits, the company needs to reduce the cost of production, bad debts, debt capital, and also improve its investments in fixed assets.

➤ Pantaloon Retail India Ltd., Bata India Ltd., and Valuemart Retail India Ltd. maintained a poor operating profit. They need to improve their operating profit by increasing current assets, capital investments, and by minimizing the sundry debtors.

➤ Bombay Swadeshi Stores Ltd., Paramount Cosmetics India Ltd., Valuemart Retail India Ltd. had a negative and fluctuating trend with reference to total assets, gross profit, and sales during the study period. Hence, these companies should increase their return on investment, purchasing policy, cash on sales, and reduce the debtors.

Conclusion

Profitability is an important key in the success of every company. The profitability scoring multiplier analysis revealed the operating indicator, non-operating indicator, financing indicator, and finally, the overall score of the sample companies. This tool helped us to determine the profit and growth of selected retail companies in India. The final results depict that the profitability position of few of the selected retail companies was not satisfactory during the study period. Due to poor cost of production, return on investment, non-core assets, and increasing bad debts, the debt capital greatly affected the profitability. However, Archies India Ltd., Heritage Foods (India) Ltd., Provogue Retail (India) Ltd., and Shoppers Stop Retail Ltd. constantly enhanced their profitability position during the study period, and created a good image for themselves in the retail industry. Finally, the study concludes that FII investments in terms of capital will help to increase the profits of the concerned companies.

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