A Project Work on

"Profitability Analysis" on " M.G.M.Traders, Shirali"

Submitted To

Karnatak University Dharwad

In partial fulfillment of the Requirements for the Degree of Master of Commerce

By:

Ms. Raksha.D.Moger

Registration Number: 17C011123

Under the supervision of

Ganesh Naik

Department of PG Studies in Commerce

ANJUMAN ARTS, SCIENCE, COMMERCE COLLEGE AND P.G CENTRE, ANJUMANABAD, BHATKAL-581320

2018-19

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...ಜುಮನ್ ಕಲಾ, ವಿಜ್ಞಾನ, ವಾಣಿಜ್ಯ ಮಹಾವಿದ್ಯಾಲಯ ಹಾಗೂ ಸ್ನಾತಕೋತ್ತರ ಕೇಂದ್ರ
...JUMAN ARTS, SCIENCE, COMMERCE COLLEGE & P.G. CENTRE
(AFFILIATED TO THE KARNATAK UNIVERSITY, DHARWAD)
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Box No. 02
...manabad, BHATKAL - 581 320 (Uttar Kannada)
...08385 (O) 226443 (F) 228443 (M) 9886212692
...ail : anjumancollegebkl@gmail.com
...site : www.adc.ac.in

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Certificate

Certified that the Project Work titled **"A Study on Profitability Analysis of business with special reference to M.G.M Traders"** is an original record of field work done by **Ms. Raksha D Moger** with Registration No. **17C011123** in a partial fulfillment of the award of Degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2018-19. The project satisfies the academic requirements in respect of project work prescribed for the Degree of Master of Commerce and is a record of her own independent work.

This project is based on the studies carried out by her has not submitted to any other University or Institution for the award of any degree or diploma.

Prof. Ganesh Naik
Project Guide

Prof. M.K.Shaikh
Principal

M.G.M TRADERS

KIRANA & CEMENT DEALER

M.G.M TEMPLE ROAD, SHIRALI

CERTIFICATE

This is to certify that miss. Raksha. Devendra. moger. bearing register,17CO11123, M.COM, student of Anjuman Arts, science & commerce college and P.G Centre, Bhatkal has satisfactorily completed the project in M.G.M TRADERS SHIRALI ON " PROFITABILITY ANALYSIS Of BUSINESS With SPECIAL REFERENCE to M.G. M TRADERS" SHIRALI for partial fulfillment of her degree in masters in commerce under Karanatak University Dharwad, Karanatak.

The efforts put in by her in collecting the data and overall participation during the completion of project deserves highest appreciation.

We Congratulate her and wish her all the success in her future endeavors.

For SHREE M.G.M. TRADERS

Date:

(Bharath Bhat)

Proprietor

Propritor

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Introduction:

"Profitability is the ability of a given investment to earn a return from its use". Profitability is an important yardstick for measuring the efficiency of a company to earn profit. The profit figure simply reveals a satisfactory balance between the values received and values given. Profit refers to the total income earned by the enterprise during the specific period, while profitability refers to the operating efficiency of the enterprise. The enterprise can make a profit on sales and investment. The enterprise can get sufficient return from the capital invested and employees used in the business operation. As Weston and Brigham rightly notes "to the financial management profit is the test of efficiency and a measure of control, to the owners a measure of the worth of their investment, to the creditors the margin of safety, to the government a measure of taxable capacity and a basis of legislative action and to the country profit is an index of economic progress, national income generated and the rise in the standard of living", while profitability is an outcome of profit. In other words, no profit drives towards profitability. Profitability ratios are most important because they show the amount of profit earned by the company on the sales and also return earned from the assets or capital employed by the company. Profitability ratios show whether everything is going good or not with the company. Profitability ratio is used as a tool for all the companies to measure their efficiency in business. If profitability ratios are not right then the company is facing some problem as the profitability decides the future of the company as without profits no company can survive and grow.

The profit margin measures the relationship between profit and sales. Financial soundness of a firm is depends upon its profitability. The management of the firm naturally eager to measure its operating efficiency. Similarly the owners invest their funds in the expectation of reasonable returns. The operating efficiency of a firm and its ability to ensure adequate returns to its shareholders depends ultimately on the

Suggestion:

To be successful and remain in business, both profitability and growth are important and necessary for a company to survive and remain attractive to investors and analysts. Profitability is, of course, critical to a company's existence, but growth is crucial to long-term survival.

So in this study I have analysed profitability of M.G.M traders. This company has increased share capital, increased current asset, the secured loans are paying back and there are no unsecured loans. This shows the company is in a good financial condition. But it also has decreased fixed assets, and current liabilities also increasing slightly. So this shows the value of fixed assets is decreasing and there might be no investment on fixed assets.

After analysing the company's profitability, it is suggested that the company can invest on fixed assets so that it can generate more income in the long run, it also should work on repayment of current liabilities to maintain creditors interest towards company.

Conclusion:

Profitability analysis is the process of evaluating businesses, projects, budgets and other finance-related entities to determine their performance and suitability. Typically, financial analysis is used to analyse whether an entity is stable, solvent, liquid or profitable enough to warrant a monetary investment. When looking at a specific company, a financial analyst conducts analysis by focusing on the income statement, balance sheet, and cash flow statement.

After analysing profitability of M.G.M Traders, it is found that, the company's share capital is increasing over the years, so investors will get increased returns on equity. Through capital gain, higher dividend pay-outs, or both. The company has no unsecured loans and is repaying its secured loan and it also has increased current assets.

So, by analysing these data, it is concluded that the company has a sound financial position. The insolvency rate of the company is very low as it has good financial condition.