Project Work on

A Study on Profitability Analysis of Retail and Manufacturing Firm:

A Case Study of Patanjali Ayurved Limited

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Certificate

Certified that the Project Work titled **"A Study on Profitability Analysis of Retail and Manufacturing Firm. A Case Study of Patanjali Ayurved Limited"** is a original record of field work done by **Ms. Shilpa Madev Naik** M.Com Fourth Semester Student of our Centre, during the period of her study and that it has not formed the basis for the award of any degree, diploma, associate ship, fellowship or similar other titles. It has not been submitted to any other University or Institution for the award of any degree or diploma.

Place : Bhatkal

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CONTENTS

CHAPTER I

INTRODUCTION

Profit plays an important role in every business organization and its determination is really a tough one. Profit is not only concern with the proprietors but also income-tax authorities, managers, directors etc. because all of them are get a percentage of net profit.The Profit of Business during a given period is the "excess of income over expenditure for the period." It may arise from other sources.

Maximization of profit has ever been one of the important goals of every business enterprises. The existence, continuance and expansion of business depend, to large extent, on its capacity to earn a good amount of profit every year . The efficiency of a business is measured by the amount of profit earned. A company should earn profits to serving and grow over a long, period of time. Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important.

Profitability is measured with income and expenses. Income is money generated from the activities of the business. For example, if crops and livestock are produced and sold, income is generated. However, money coming into the business from activities like borrowing money does not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets.

Expenses are the cost of resources used up or consumed by the activities of the business. For example, seed corn is an expense of a farm business because it is used up in the production process. A resource such as a machine whose useful life is more than one year is used up over a period of years. Repayment of a loan

- Increase in Research and Development: FMCG brands would need to focus on R&D and innovation as a means of growth. In this age of extreme competition, companies that continue to do well would be the ones that have a culture that promotes using customer insights to create either the next generation of products or in some cases, new product categories. Thus Patanjali would have to invest a lot of capital and effort into significant research and development of newer product categories.

- Focus on Exports: Patanjali has largely focused to cater to the domestic market. Exports thus remain to be a very low fraction of the total sales. It is thus imperative to focus on exporting products using Indian operations as sourcing hub for the same.

Conclusion

Patanjali Ayurveda Limited, a company which started in 2006 as company producing ayurvedic medicines has now expanded tremendously and has diversified its product line to become the second largest FMCG brand of India having a turnover of more than Rs10000 cr.

Now the company is targeting a turnover of Rs 20000cr in this fiscal year. Patanjali has a wide range of products from medicines to household products such as ghee, soap, juice, biscuit etc. Patanjali has left behind major FMCG companies in India such as Dabur, Godrej, Nestle and ITC and it has been able to achieve such position due to:

Strong brand ambassador (Baba Ramdev)

- Cost effective technique
- Strong distribution network
- Promoted Swadeshi factor and Ayurvedic products