Business Practitioner Session

Event – 1 Date: 10-09-2024

Activity Name: Business Practitioner

Faculty Coordinator: Dr Shakeela Dr Salma Begum

Faculty Coordinator Contact No. 9844506208

Guest Name: Mr. Ramakrishna Joshi

Guest Designation: NISM certifies & SEBI registered Research Analyst

Company Name: Money Jet

Topic: Cost and Revenue analysis

Duration: 1.5hours

Venue: Seminar Hall-4, 4th Floor, FMS-CMS-BS, JU

No. of Participated: 137

Summary: (Write-up required minimum 4 to 5 lines)

The session on cost structures, economies of scale, and Break-Even Point (BEP) analysis provided a comprehensive overview of key business concepts, enhanced by real-world examples and the speaker's personal experiences in the stock market, manufacturing, and aviation sectors. The session began with an explanation of unit cost and total cost, where unit cost refers to the cost of producing one item, and total cost is the result of multiplying unit cost by the total number of units. To make the concept relatable, the speaker drew an analogy to monthly living expenses. Next, the distinction between fixed costs—expenses that remain constant regardless of output—and marginal cost, the cost of producing one additional unit, was explained. Using Maruti as an example, the speaker illustrated how increasing production lowers marginal cost due to economies of scale. The session then delved into economies of scale, which allow businesses to reduce costs

as production increases. Companies like Maruti, which focus on mass-market cars, benefit from this, while Honda offsets higher costs with premium pricing. The importance of procurement of raw materials in reducing costs was emphasized, with insights shared from the speaker's experience in manufacturing, where bulk purchasing and supplier negotiations can significantly lower expenses. The concept of revenue cost was introduced, explaining how companies can either lower product prices or maintain them to increase profit margins as costs decrease. The speaker discussed different types of costs, including direct, indirect, variable, and fixed. Direct costs are tied to production, while indirect costs, such as rent, are necessary for operations but not linked to specific products. Variable costs fluctuate with output, while fixed costs remain constant. This laid the groundwork for an examination of cost structures in different industries. Comparing the cost structures of Maruti and Honda, the speaker demonstrated how Maruti's high production volumes lower fixed costs per unit, while Honda's smaller output is balanced by higher margins per vehicle. These examples highlighted the different strategies companies employ to manage costs based on their market positioning. The session also covered Break-Even Point (BEP) analysis, where the speaker explained how BEP is the point at which total revenue equals total costs, indicating no profit or loss. The concept of capital block cost—capital tied up in assets like machinery—was introduced, with an aviation sector example illustrating the need for careful BEP analysis due to high fixed costs, such as aircraft purchases. Charts were used to visually explain the relationship between fixed and variable costs, total costs, and BEP, showing how profitability is achieved after crossing the BEP. Overall, the session effectively blended theoretical concepts with practical applications, providing a clear understanding of cost management and profitability strategies.

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Faculty of Management Studies

Business Practitioner Session

Cost and Revenue Analysis

Mr. Ramakrishna Joshi
Founder
MoneyJet

Focus Points:
- Cost concepts, types and function
- Revenue Analysis
- BEP Analysis

September 10th, 2024   08:45 AM - 10:15 AM   Seminar Hall - 4

Cohort Profile: MBA Batch 2024-26, 1st Semester

Sections: I, F & G

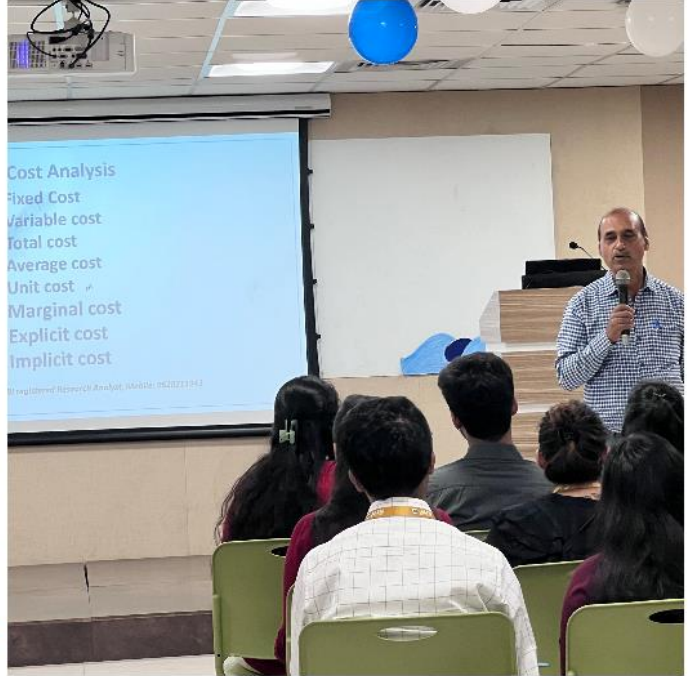**Faculty Coordinators:**

Dr. Sumbul Samreen
Assistant Professor

Dr. Shakeela Banu C
Associate Professor

Dr. Salma Begum
Assistant Professor & Programme Coordinator