

HOW TO CALCULATE PROFIT MARGIN IN EXPORT BUSINESS

(SIMPLE FORMULA + EXAMPLE)

STEP 1 CALCULATE TOTAL COST (LANDED COST)

Include:

- Product Cost
- Packaging
- Local Transport
- Documentation
- Insurance

Example: ₹40

Product Cost = ₹100

Packaging = ₹10

Local Transport = 5

Freight = ₹20

Docuumenton = ₹5

Total Cost = ₹140

STEP 2 ADD YOUR DESIRED PROFIT

Decide profit per unit.

Example: ₹ 40 per unit

STEP 4 CALCULATE PROFIT MARGIN %

$\text{Profit \%} = (\text{Profit} \div \text{Selling Price}) \times 100$

= 22,2 % Profit Margin

STEP 5 FINAL EXPORT QUOTE

- FOB for large buyers
- CIF for small buyers
- Keep 5-10% negotiation buffer

From the Desk of

Dr. Aditya Vijay Kashyap

Business Strategist | Export Consultant
Financial Advisor



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