

Chart of Difference between Gross Profit and Net Profit: -

Basis	Operating Profit (EBIT)	Net Profit (N.P.)
Meaning	Operating Profit is that part of the revenue which is left after deducting operating cost/expenses from the Gross Profit.	NP is that part of the revenue which is left after deducting total cost/expenses from the Net Sale or indirect cost/expense from the GP.
Timing	EBIT is calculated after GP	NP is calculated after EBIT
Purpose	It is calculated to know the Actual profit earned from the sale of core products during the particular accounting period.	It is calculated to know the actual profit earned from all activities during the particular accounting period.
Stage	It is calculated on the second stage of the final account.	It is calculated on the third stage of the final account.
Dependency	Operating Profit is not dependent on EBIT	NP is dependent on EBIT
Advantage	Helpful in control over the excess operating costs.	Helpful in knowing the performance of the company in a financial year.
Part	EBIT is not a part of NP.	NP is a part of EBIT.