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Original Article

A Study on the Budgetary Control, Variance Analysis, and Financial Performance in Sri Bragadesh Agri Tech Foods Private Limited

[1]S. SATHISH KUMAR, [2]E. RAMANAN
[1]Assistant Professor, Department of Management Studies, E.G.S.Pillay Engineering College, Nagapattinam, Tamil Nadu, India.
[2]Student, Department of Management Studies, E.G.S.Pillay Engineering College, Nagapattinam, Tamil Nadu, India.

ABSTRACT: *Budgetary control and variance analysis are essential tools for effective financial management and organizational performance. The present study examines the budgetary control system, variance analysis practices, and financial performance of Sri Bragadesh Agri Tech Foods Private Limited. The study is based on secondary data collected from the company's financial statements for the period 2020–21 to 2024–25. Various financial tools, such as Current Ratio, Quick Ratio, Absolute Liquid Ratio, Gross Profit Ratio, Net Profit Ratio, Operating Ratio, Debt Equity Ratio, Proprietary Ratio, and Trend Analysis, were used to evaluate financial performance. The findings reveal that the company has maintained a strong liquidity position, improved profitability, and reduced dependence on borrowed funds. The current ratio increased from 2.11:1 to 4.06:1, while the net profit ratio improved from 10% to 15% during the study period. Trend analysis also indicates continuous growth in sales and assets. The study concludes that effective budgetary control and variance analysis contribute significantly to improving financial performance, operational efficiency, and managerial decision-making.*

KEYWORDS: *Budgetary Control, Variance Analysis, Financial Performance, Ratio Analysis, Financial Management, Profitability.*

1. INTRODUCTION

Budgetary control is one of the most important management tools used for planning, coordinating, and controlling organizational activities. It assists management in comparing actual performance with predetermined targets and identifying deviations from planned objectives. Variance analysis is a systematic process of measuring the difference between budgeted and actual results and determining the reasons for such variations.

In today's competitive business environment, organizations require effective budgeting systems to achieve financial stability and sustainable growth. Budgetary control helps management allocate resources efficiently, monitor expenditures, and improve profitability. Variance analysis enables managers to identify favorable and unfavorable deviations and take corrective actions promptly.

Sri Bragadesh Agri Tech Foods Private Limited operates in the agri-food sector and plays an important role in agricultural product distribution and food-related business activities. As a growing organization, maintaining financial discipline and effective resource utilization is essential for long-term success. Therefore, this study focuses on evaluating the budgetary control practices, variance analysis, and financial performance of the company.

2. REVIEW OF LITERATURE

- Kaplan and Atkinson (2010) found that effective budgeting improves operational efficiency and financial planning.
- Drury (2011) concluded that variance analysis assists management in identifying deviations and strengthening cost control.
- Horngren et al. (2011) observed that budgetary control enhances profitability and resource utilization.
- Pandey (2012) stated that budgetary control improves financial monitoring and organizational stability.
- Khan and Jain (2012) emphasized that variance analysis supports corrective actions and operational efficiency.
- Maheshwari (2016) revealed that effective budgeting reduces wastage and improves productivity.
- Adeniji (2017) found a positive relationship between budgetary control and organizational performance.
- Arora (2019) concluded that budgeting supports planning, coordination, and financial stability.
- Johnson (2022) highlighted the importance of budgetary control in improving profitability and sustainability.
- Meena (2024) concluded that variance analysis significantly improves managerial decision-making and financial efficiency.

3. OBJECTIVES OF THE STUDY

1. To study the budgetary control system of Sri Bragadesh Agri Tech Foods Private Limited.
2. To analyze the effectiveness of variance analysis in financial management.
3. To evaluate the financial performance of the company.
4. To examine the liquidity and profitability position of the company.
5. To provide suggestions for improving financial performance.

4. HYPOTHESIS OF THE STUDY

- H0: Budgetary control and variance analysis do not significantly influence financial performance.
- H1: Budgetary control and variance analysis significantly influence financial performance.

5. RESEARCH METHODOLOGY

The study adopts an analytical research design. Secondary data were collected from financial statements, annual reports, company records, journals, and published sources. The study covers a period of five years from 2020–21 to 2024–25.

Tools Used for Analysis:

- Current Ratio
- Quick Ratio
- Absolute Liquid Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Operating Ratio
- Debt Equity Ratio
- Fixed Asset Ratio
- Proprietary Ratio
- Trend Analysis

6. DATA ANALYSIS AND INTERPRETATION

TABLE 1 Current Ratio

YEAR	CURRENT ASSETS (₹)	CURRENT LIABILITIES (₹)	CURRENT RATIO
2020-21	4,00,000	1,90,000	2.11: 1
2021-22	4,40,000	2,30,000	1.91: 1
2022-23	4,75,000	2,50,000	1.90: 1
2023-24	5,00,000	2,70,000	1.85: 1
2024-25	6,50,000	1,60,000	4.06: 1

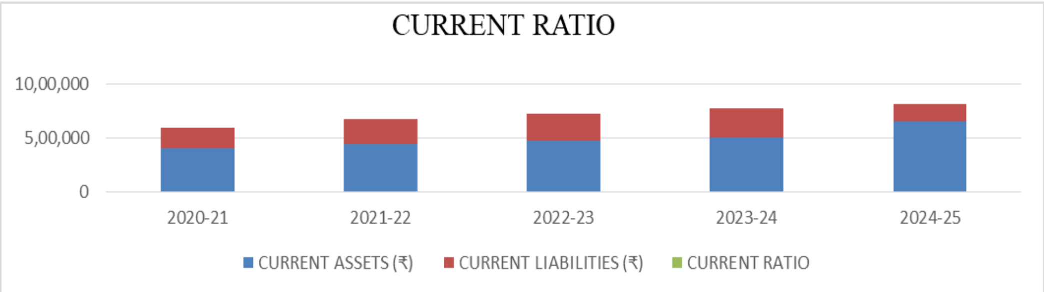

FIGURE 1 Current Ratio

The above table shows the current ratio of the company from 2020-21 to 2024-25. The current ratio fluctuated during the study period. It was highest in 2024-25 at 4.06:1, indicating a strong liquidity position and the company's ability to meet its short-term obligations efficiently.

TABLE 2 Quick Ratio

YEAR	QUICK ASSETS (₹)	CURRENT LIABILITIES (₹)	QUICK RATIO
2020-21	2,00,000	1,90,000	1.05: 1
2021-22	2,15,000	2,30,000	0.93: 1
2022-23	2,30,000	2,50,000	0.92: 1
2023-24	2,40,000	2,70,000	0.89: 1
2024-25	3,75,000	1,60,000	2.34: 1

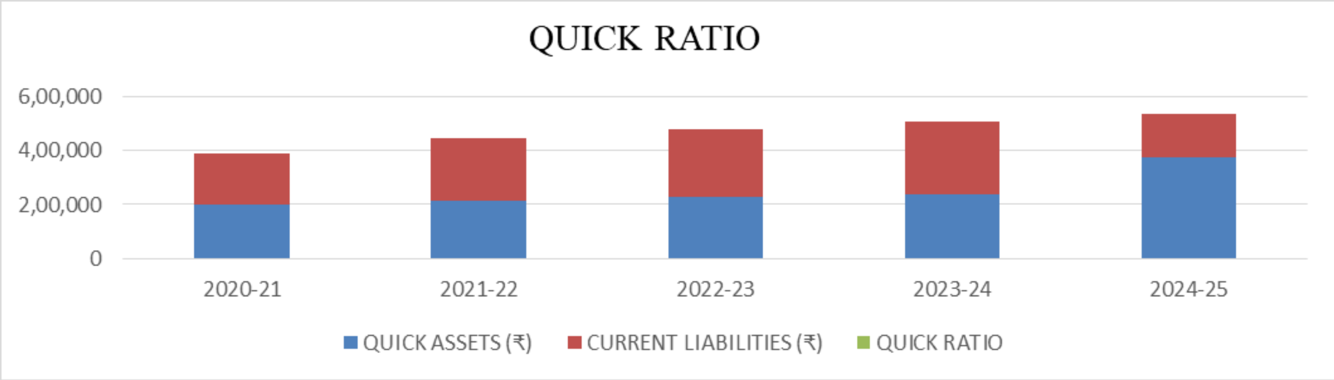

FIGURE 2 **Quick Ratio**

The above table shows the quick ratio of the company from 2020-21 to 2024-25. The quick ratio measures the ability of the company to meet its short-term obligations without relying on inventory. The ratio was highest in 2024-25 at 2.34:1, indicating a strong liquidity position.

TABLE 3 **Absolute Liquid Ratio**

YEAR	CASH AND BANK BALANCE (₹)	CURRENT LIABILITIES (₹)	ABSOLUTE LIQUID RATIO
2020-21	1,00,000	1,90,000	0.53: 1
2021-22	1,20,000	2,30,000	0.52: 1
2022-23	1,45,000	2,50,000	0.58: 1
2023-24	1,80,000	2,70,000	0.67: 1
2024-25	1,30,000	1,60,000	0.81: 1

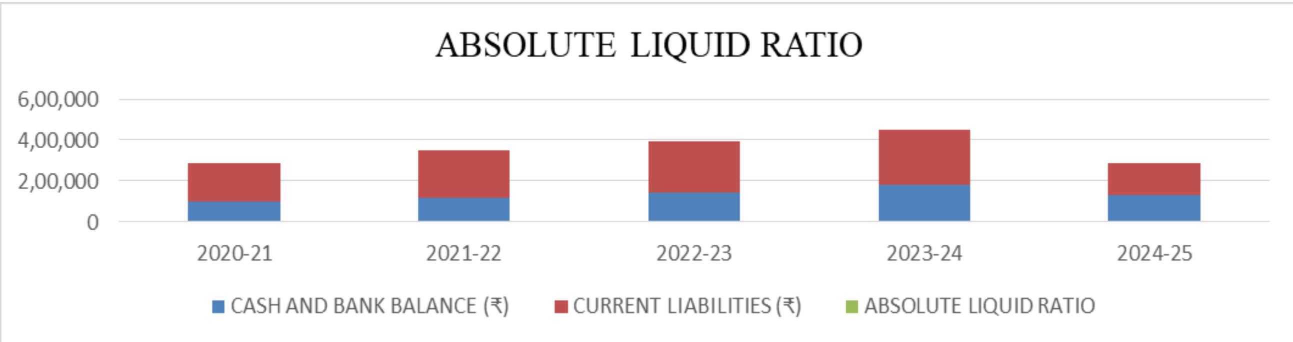

FIGURE 3 **Absolute Liquid Ratio**

The above table shows the absolute liquid ratio of the company from 2020-21 to 2024-25. The ratio increased from 0.53:1 in 2020-21 to 0.81:1 in 2024-25. This indicates an improvement in the company's ability to meet its immediate liabilities using cash and bank balances.

7. RESULTS AND DISCUSSION

7.1. LIQUIDITY POSITION

The Current Ratio increased from 2.11:1 in 2020–21 to 4.06:1 in 2024–25, indicating strong liquidity and effective working capital management. The Quick Ratio improved from 1.05:1 to 2.34:1, showing the company's ability to meet short-term obligations without depending on inventory. The Absolute Liquid Ratio increased from 0.53:1 to 0.81:1, reflecting improved cash management.

7.2. PROFITABILITY POSITION

The Gross Profit Ratio improved from 25% to 28%, indicating better cost control and operational efficiency. The Net Profit Ratio increased steadily from 10% to 15%, demonstrating enhanced profitability. The Operating Ratio declined from 75% to 71%, reflecting improved operational performance and reduced operating costs.

7.3. SOLVENCY POSITION

The Debt Equity Ratio decreased from 0.19:1 to 0.16:1, indicating reduced dependence on borrowed funds and stronger reliance on shareholders' funds. The Proprietary Ratio improved from 0.69:1 to 0.77:1, showing that a larger proportion of total assets was financed by owners' funds.

7.4. TREND ANALYSIS

The trend percentage of net sales increased from 100 to 155.56, demonstrating continuous growth in revenue. Current assets increased to 162.50, indicating stronger liquidity. Fixed assets increased to 147.27, reflecting continuous investment and business expansion. Current liabilities declined significantly during 2024–25, improving financial stability.

8. FINDINGS

1. The company maintained a strong liquidity position throughout the study period.
2. Quick Ratio improved significantly during 2024–25.
3. Cash and bank balances increased steadily.
4. Gross Profit Ratio improved from 25% to 28%.
5. Net Profit Ratio increased from 10% to 15%.
6. Operating Ratio decreased, indicating improved efficiency.
7. Debt Equity Ratio declined, showing lower financial risk.
8. Proprietary Ratio increased, indicating stronger shareholder participation.
9. Sales revenue showed continuous growth.
10. Fixed assets increased, supporting future expansion.

9. SUGGESTIONS

1. Strengthen the existing budgetary control system.
2. Conduct periodic variance analysis for better monitoring.
3. Adopt modern budgeting and accounting software.
4. Improve forecasting accuracy using historical data.
5. Maintain effective cost control measures.
6. Continue reducing dependence on borrowed funds.
7. Strengthen working capital management.
8. Establish key performance indicators for monitoring budget performance.
9. Conduct employee training on budgeting techniques.
10. Integrate long-term financial planning with annual budgets.

10. CONCLUSION

The study concludes that Sri Bragadesh Agri Tech Foods Private Limited has shown consistent improvement in its financial performance during the study period. The company has maintained strong liquidity, improved profitability, and reduced dependence on external financing. Trend analysis indicates continuous growth in sales, assets, and overall financial strength. Budgetary control and variance analysis have played a significant role in improving managerial decision-making, cost control, and financial discipline. Therefore, effective budgeting and regular variance analysis should continue to be implemented to support sustainable growth and long-term organizational success.

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