



FINANCIAL REWARDS OF EXPORT IN ENGINEERED QUARTZ” WITH SPECIAL REFERENCE TO PACIFIC ENGINEERED SURFACES PVT LTD, AT SHOOLAGIRI.

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ABSTRACT

This study explores how cost management and budgeting impact operational efficiency and financial performance in the coffee manufacturing industry. It examines key cost drivers and methods like activity-based costing, variance analysis, and flexible budgeting. The findings highlight that strategic cost planning enhances profitability, competitiveness, and resource use, especially amid raw material volatility and market fluctuations.

INTRODUCTION

The Indian coffee manufacturing industry has seen sustained growth driven by increasing domestic and global demand for premium filter coffee. Cothas Coffee, established in 1949 in Bangalore, has emerged as a leading player in this sector, with a strong presence in both domestic and international markets. Leveraging high-quality beans from Karnataka and investing in modern processing facilities, Cothas has diversified its product portfolio and expanded into exports. This study explores the financial impact of cost management and budgeting in coffee manufacturing, focusing on how strategic planning, innovation, and operational efficiency contribute to profitability and long-term growth amid rising competition and volatile input costs.

RESEARCH BACKGROUND

The Indian coffee industry is experiencing rising demand both domestically and internationally, driven by evolving consumer preferences and expanding global appreciation for specialty coffees. Companies like Cothas Coffee have capitalized on this trend by combining traditional coffee expertise with modern manufacturing and export strategies. This research examines the financial impact of cost management and budgeting on Cothas Coffee by analyzing key cost drivers, budgeting practices, and their influence on profitability, operational efficiency, and long-term sustainability. In a competitive and volatile market, effective cost control, strategic resource allocation, and adaptive budgeting have become essential tools for maintaining financial stability and supporting growth.

GLOBAL TRADE DYNAMICS AND EXPORT OPPORTUNITIES

Global demand for specialty coffee, especially South Indian filter coffee, is growing rapidly, creating strong export opportunities for Indian brands in North America, Europe, and the Middle East. With favorable agro-climatic conditions, skilled labor, and a rich coffee heritage, India holds a competitive edge. Continued focus on innovation, quality, and efficient supply chains positions Indian exporters for sustained global growth.

IDENTIFIED PROBLEM

Cothas Coffee and other manufacturers in the sector face rising production costs driven by raw material price hikes, energy fluctuations, and supply chain disruptions. Expanding globally adds challenges like regulatory compliance, currency volatility, and high logistics costs. Traditional budgeting methods lack flexibility, while limited use of integrated data and analytics hampers cost forecasting, affecting profitability and long-term growth.

OBJECTIVES OF THE STUDY

- To understand the cost management and budgeting system.
- To control the performance evaluation.
- To understand the challenges and limitations.
- To assess the role of technology in cost management.

- To Examine the competitive landscape in international markets, including price

REVIEW OF LITERATURE

Abhishek Jha & Suneel Arora (2020) Literature Review of Capital Budgeting Practices with Special Reference to Capital Intensive Industries of India. Prabandhan: Indian Journal of Management, 12(5), 21-34. This literature review critically analyzes capital budgeting practices in India's capital-intensive industries, identifying gaps in risk assessment and the need for more sophisticated methods.

Abhishek Jha & Suneel Arora (2020) Literature Review of Capital Budgeting Practices with Special Reference to Capital Intensive Industries of India. Prabandhan: Indian Journal of Management, 12(5), 21-34. Analyzes capital budgeting practices in India's capital-intensive industries, identifying gaps in risk assessment and the need for more sophisticated methods.

Amanuelgirmayismalet & Patel Dixit (2021) A Critical Literature Review on Improving Project Cost Management Practice and Profitability of Domestic Contractors.

The authors discuss the limitations in current project cost management practices in the Indian construction sector and propose improvements to enhance profitability.

Aniefiok Gilead Robinson & Usen Paul Umo (2023) Iconic Research And Engineering Journals. This study examines the relationship between various cost management strategies—such as throughput costing, lifecycle costing, target costing, and activity-based costing—and profitability in Nigerian cement manufacturing firms. The findings indicate that while all strategies positively correlate with return on equity, throughput costing shows a weak and insignificant relationship. The research suggests that firms should focus on aligning production with customer demand and leverage specialist inputs to enhance profitability.

Assessing the Effects of Macroeconomic Factors on the Financial Performance of Ghanaian Listed Manufacturing Companies (2025) International Journal of Accounting, Finance and Risk Management. This study analyzes how macroeconomic factors such as inflation, exchange rate fluctuations, GDP growth rates, and interest rate changes affect the financial performance of manufacturing firms listed on the Ghana Stock Exchange. The findings indicate that exchange rate fluctuations significantly impact financial performance, while other macroeconomic variables have less effect. Firm size is identified as a significant moderator influencing the relationship between macroeconomic factors and financial performance.

B.S. Patil & Chidambara Ganapiah (2020) Strategic Cost Management for Sustained Growth-A Study of SMEs in India. AMBER – ABBS Management Business and Entrepreneurship Review, 9(1), 35-42. Discusses the importance of strategic cost management in SMEs and its impact on business performance.

Baker, S. C., & Thomas, D. L. (2021) - The Evolution of Budgeting. The study covers the transition from traditional budgeting techniques to zero-based budgeting (ZBB), explaining the benefits of justifying each expense from scratch.

Bennett, R., & Lee, C. (2020) - Rolling Forecasts and Their Role in Financial Planning. This article explores the advantages of using rolling forecasts in dynamic environments, emphasizing real-time financial decision-making.

Carson, P., & Lee, W. (2021) - Cost Management Strategies During Economic Crises. This research focuses on how businesses adapt their budgeting practices during financial downturns, using the global financial crisis and COVID-19 as case studies.

Drury, C. (2020) - Management and Cost Accounting. Drury's work provides a comprehensive overview of cost management strategies, including variable costing and just-in-time (JIT) systems, with a focus on their impact on budgeting.

Fisher, C. (2022) - Sustainability Integration in Budgeting. Fisher explores the growing trend of integrating sustainability into corporate budgeting practices, focusing on energy efficiency and reducing carbon footprints.

Fraser, D. (2022) - Flexible Budgeting in Uncertain Times. The research highlights how flexible budgeting techniques help organizations adjust their financial plans as economic conditions fluctuate.

Garrison, R. H., Noreen, E. W., & Brewer, P. C. (2020) - Managerial Accounting. This textbook examines various budgeting methods and the importance of performance evaluation and variance analysis within a cost management framework.

Horn gren, C. T, Datar, S. M., & Rajan, M. V. (2021) - Cost Accounting: A Managerial Emphasis. This book lays the foundation for understanding cost behavior and cost allocation methods, with a focus on traditional cost accounting and its evolution to contemporary methods in modern organizations.

Johnson, A., & Hughes, D. (2020) - Supply Chain Disruptions and Cost Management.

The study examines how supply chain disruptions affect cost management and budget allocations, especially in manufacturing and retail sectors.

Kaplan, R. S., & Anderson, S. R. (2021) - Advanced Miller, H., & Lee, S. (2021) - Global Economic Instability and Its Impact on Budgeting. The paper discusses how businesses adapt their budgeting frameworks to accommodate volatility caused by global market fluctuations.

Morrow, M. (2020) - Cost Management in the Age of Automation. This paper highlights the shift from traditional cost management techniques to those incorporating automation tools for cost allocation and financial forecasting.

Mushtaq Alhasnawi, Ridzwana Mohd Said, Zaidi Mat Daud, & Haslinah Muhamad (2023) Advances in Social Sciences Research Journal. This research investigates the impact of budget participation on managerial performance in higher education institutions, highlighting the mediating role of budget goal clarity. The study finds that involving managers in the budgeting process enhances their performance by providing clearer goals and fostering a sense of ownership.

O'Connell, R., & Farber, S. (2021) - Financial Management in Global Economic Uncertainty. The authors explore how global instability, including trade wars and inflation, influences cost management practices and financial planning.

Perwez Alam, Dr. Lokendra Vikram Singh, Dr. Amit Ranjan (Year Not Specified) An Analysis of the State of Cost Management in India, with an Emphasis on the Role that Supply Chain Applications Play. *Journal of Advances and Scholarly Researches in Allied Education*. This paper examines the integration of supply chain applications in cost management practices in India, highlighting the importance of strategic cost management and performance measurement frameworks.

Smith, J., & Thomas, R. (2021) - Zero-Based Budgeting in Large Enterprises This study examines the effectiveness of ZBB in large multinational corporations, especially in resource-heavy industries like manufacturing and logistics.

Udaya Kumar L M (2024) Cost Management Practices in Manufacturing Industries: Evidence from Global and National Literature Survey. *Urban India UGC Care List-I*. Kumar reviews cost management practices in Indian manufacturing industries, focusing on cost control techniques and their influence on financial performance.

Williams, T. (2022) - The Role of Budgeting in Strategic Planning. The study highlights how budgeting is intertwined with strategic goals, and how managers align financial plans with long-term objectives.

Wonder Agbenyo, Frank Osei Danquah, & Wang Shuangshuang (2023) *Research Journal of Finance and Accounting*. This study explores the role of budgeting in the financial performance of manufacturing firms listed on the Ghana Stock Exchange. It finds a strong positive correlation between budgeting practices—encompassing planning, monitoring, control, coordination, and evaluation—and financial performance. The research emphasizes the importance of comprehensive annual budgeting reviews to identify key financial indicators and respond effectively to competition.

RESEARCH GAP

Temporal Financial Impact: investigate how exporting affects the engineered quartz companies' finance over a time, considering global demand and currency fluctuations. **Regional Financial Variations:** compare the financial benefits of export across different regions to identify varying impacts on engineering quartz firm. **Specific Export Incentives:** explore target financial incentives, like tax break or subsidies, provided to engineered quartz manufacturers for exporting. **Consumers Preferences Influences:** study how regional consumer tastes and market maturity levels affect financial returns from exporting engineered quartz products. **Government Policies Impact:** examine how policies and support programs in regions like the US, Europe and Asian influence financial outcomes for engineered quartz exporters.

RESEARCH METHODOLOGY

The study is quantitative and adopts a descriptive research design to assess financial and operational performance in Cothas Coffee. Descriptive analytics summarizes historical data, identifying trends in cost management, budgeting efficiency, and export performance. The research uses secondary data, including costing records, sales data, tax exemptions, and currency fluctuations, collected from FY 2019–20 to FY 2023–24. Tools like Ratio Analysis, Comparative Balance Sheets, and Common-Size Balance Sheets are applied to evaluate financial outcomes and growth. The study aims to focus on cost management and budgeting practices in Cothas Coffee.

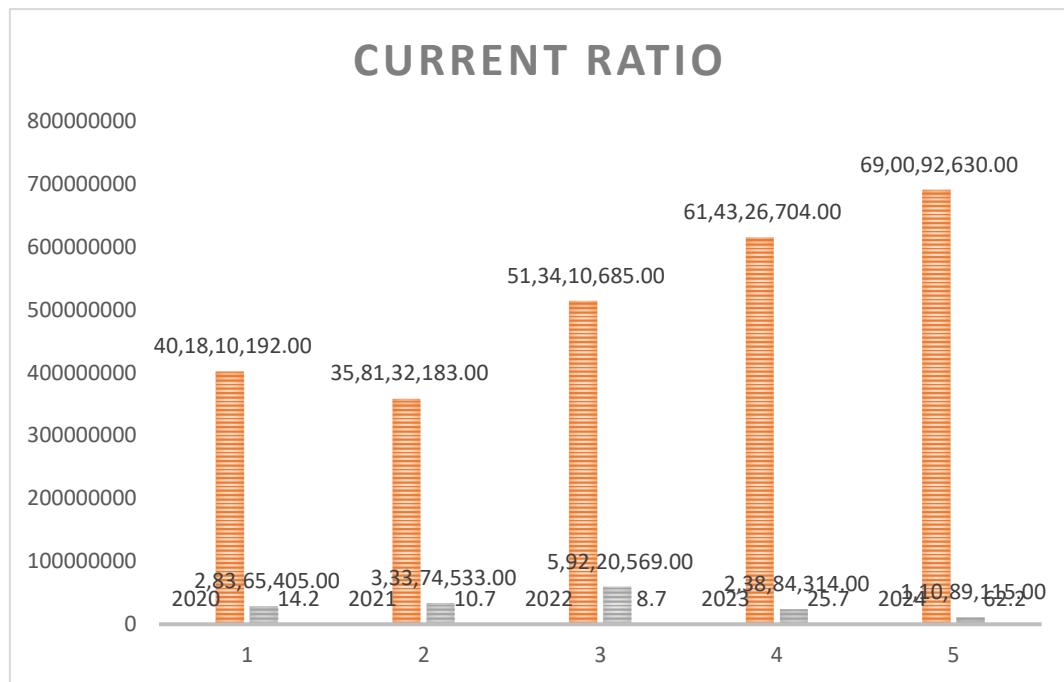
LIMITATION OF THE STUDY

Economic shifts, such as raw material price volatility and supply chain disruptions, may affect the accuracy of cost management and budgeting findings. The process of preparing detailed budgets and tracking costs for Cothas Coffee can be labor-intensive and time-consuming. Budgeting relies on forecasts, which can be inaccurate due to unpredictable market fluctuations and external economic factors.

DATA ANALYSIS AND INTERPRETATION

TABLE: 4.2.1 CURRENT RATIO

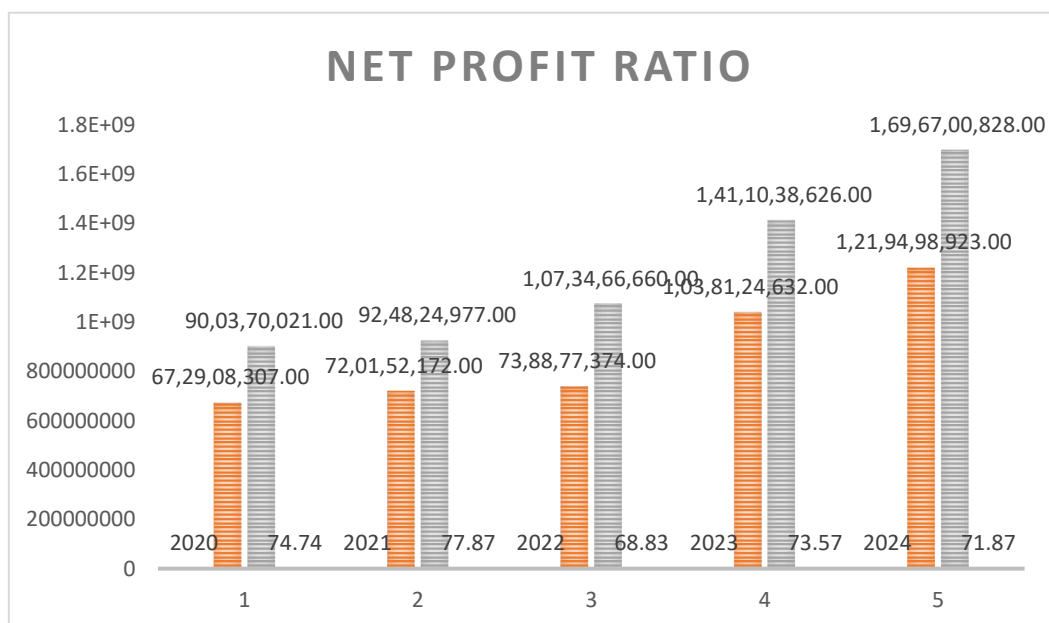
Year	Current Assets	Current Liabilities	Ratio
2020	40,18,10,192.00	2,83,65,405.00	14.2
2021	35,81,32,183.00	3,33,74,533.00	10.7
2022	51,34,10,685.00	5,92,20,569.00	8.7
2023	61,43,26,704.00	2,38,84,314.00	25.7
2024	69,00,92,630.00	1,10,89,115.00	62.2

**Interpretation:**

- 2020–2022: There was a declining trend in the current ratio, indicating a gradual decrease in liquidity.
- This could point to increasing liabilities or reduced efficiency in using current assets.
- 2023–2024: There's a sharp increase in the current ratio.

4.2.2 Table 2. Net Profit Ratio

Year	Net Profit	Net Sales	Ratio
2020	67,29,08,307.00	90,03,70,021.00	74.74
2021	72,01,52,172.00	92,48,24,977.00	77.87
2022	73,88,77,374.00	1,07,34,66,660.00	68.83
2023	1,03,81,24,632.00	1,41,10,38,626.00	73.57
2024	1,21,94,98,923.00	1,69,67,00,828.00	71.87



Interpretation:

- Profit & Sales Growth: Both net sales and net profit have shown steady growth every year. That's a positive sign of expansion and increasing demand.
- Profitability: The Net Profit Ratio remains consistently high (around 70%) from 2020 to 2023, showing strong profitability and operational efficiency.
- The company is showing consistent growth with strong profit margins.

COMMONSIZE BALANCESHEET FOR 2022-2023				
Particulars	2022	Percentage	2023	Percentage
Assets				
Current Assets				
Stock	33,86,32,126.00	39.49%	40,20,00,989.00	39.57%
Sundry Debtors and Advances	11,49,92,566.00	13.41%	12,69,79,414.00	12.50%
Investments	1,06,90,915.00	1.25%	3,32,43,541.00	3.27%
Cash and Bank balances	39,20,469.00	0.46%	63,53,258.00	0.63%
Deposits	4,51,74,609.00	5.27%	4,57,49,502.00	4.50%
Total Current Assets	51,34,10,685.00	59.87%	61,43,26,704.00	60.47%
Fixed Assets				
Building	1,57,678.00	0.02%	6,10,976.00	0.06%
Plant and Machinery	20,14,50,359.00	23.49%	17,50,02,134.00	17.23%
Motor Cars	1,53,10,462.00	1.79%	2,74,17,203.00	2.70%
Commercial Vehicles	48,72,050.00	0.57%	41,41,242.00	0.41%
Furniture and Fixtures	6,65,28,909.00	7.76%	6,78,66,950.00	6.68%
Computer and Softwares	43,70,315.00	0.51%	33,32,859.00	0.33%
Office Equipments	26,69,820.00	0.31%	25,69,347.00	0.25%
Coffee Makers	4,88,31,711.00	5.69%	12,06,66,084.00	11.88%
Total Fixed Assets	34,41,91,304.00	40.13%	40,16,06,795.00	39.53%
Total Assets	85,76,01,989.00	100.00%	1,01,59,33,499.00	100.00%
Liabilities				
Equity				
Capital Account	1,00,000.00	0.01%	1,50,000.00	0.01%
Partners Current Accounts	32,01,85,439.00	37.33%	33,27,69,932.00	32.76%
Total Equity	32,02,85,439.00	37.35%	33,29,19,932.00	32.77%
Current Liabilities				
Current Liabilities and Provisions	5,92,20,569.00	6.91%	2,38,84,314.00	2.35%
Total Current Liabilities	5,92,20,569.00	6.91%	2,38,84,314.00	2.35%
Non-Current Liabilities				
Loans				
Secured Loan	34,63,22,360.00	40.38%	53,43,28,567.00	52.59%
Unsecured Loan	13,17,73,621.00	15.37%	12,48,00,686.00	12.28%
Total Non-Current Liabilities	47,80,95,981.00	55.75%	65,91,29,253.00	64.88%
Total Liabilities	85,76,01,989.00	100.00%	1,01,59,33,499.00	100.00%

INTERPRETATION:

In 2022–2023, current assets remained stable at around 60% of total assets, while a notable increase in coffee makers and investments slightly shifted fixed asset composition. On the liabilities side, a heavier reliance on secured loans increased leverage, while equity proportion declined, suggesting reduced internal financing.

SUMMARY OF FINDINGS

1. Current Ratio: High ratio of 62.2 (2023-2024), indicating strong short-term liquidity, but may suggest inefficiencies or excess idle assets.
2. Liquid Ratio: Improving ability to meet immediate liabilities, indicating robust liquidity, but potential underutilization of liquid resources.
3. Fixed Assets to Current Assets Ratio: Shift towards more liquid assets, providing operational flexibility but reducing long-term investments.
4. Fixed Assets Ratio: Proper balance between fixed assets and capital, indicating a sound long-term investment strategy.
5. Cash Position Ratio: Improvement in cash liquidity, though still weak compared to other liquidity measures.
6. Net Profit to Capital Employed Ratio: Declining efficiency in capital utilization, reflecting possible operational challenges or higher costs.
7. Gross Profit Ratio: Increasing cost of goods sold suggests margin pressure, indicating potential rising production costs.
8. Net Profit Ratio: High profitability, likely due to low operating costs or high-margin products, but contrasts with declining gross profit margin, suggesting potential inefficiencies.

SUGGESTION

Effective cost management and budgeting require clear planning, realistic estimations, and continuous monitoring, with proactive adjustments made as needed. Maintaining detailed reports, statements, and records ensures easy access to vital information for decision-making. Regularly comparing actual performance with the budget helps identify profit or loss, while efficient liquidity management ensures smooth operations. A balanced asset allocation strategy supports long-term financial health, and adhering to established timetables for each budgeting stage ensures timely execution across all departments.

CONCLUSION

Upon studying the financial impact of cost management and budgeting practices at Cothas Coffee over a five-year period from 2019 to 2024, the analysis reveals that the company has maintained a strong financial position. However, there is room for improvement by focusing on better management of administrative and selling expenses. By reducing costs in these areas, Cothas Coffee can increase profitability and sales volume. Despite fluctuations in raw material prices and market conditions, the company has managed to sustain its market share and profitability. Expanding its geographical reach and improving budgeting strategies will further enhance the company's financial stability and long-term growth in the coffee industry.

DIRECTIONS FOR FUTURE RESEARCH

Future research can explore cost optimization across the coffee supply chain—from sourcing to distribution—while maintaining quality. Emphasis should be placed on integrating AI and ERP systems for real-time budgeting and cost tracking. Studies should also assess sustainable budgeting approaches using eco-friendly practices. Additionally, analyzing the impact of staff training and flexible budgeting models will support better financial control during seasonal demand changes. The findings highlight that strategic cost planning enhances profitability, competitiveness, and resource use, especially amid raw material volatility and market fluctuations.

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