

A study on Financial planning & Budgeting in Consortax Consulting Pvt Ltd, Hyderabad.

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ABSTRACT

This study focuses on financial planning and budgeting practices in **Consortax Consulting Private Limited**, a private company established in 2007. Financial planning and budgeting play an important role in the proper use of resources, cost control, profitability, and long-term financial stability

The primary objective of this study is to analyze the company's financial performance, evaluate budgeting practices, and examine how financial planning supports organizational growth. The study is based on secondary data collected from financial reports, company records, and published financial statements.

Tools such as ratio analysis, comparative statements, trend analysis, and percentage analysis are used for interpretation. The findings help understand the effectiveness of financial planning and budgeting in maintaining financial stability and operational efficiency.

Keywords: Financial Planning, Budgeting, Ratio Analysis, Financial Performance, Profitability, Liquidity.

INTRODUCTION

Financial Planning and Budgeting

Financial planning and budgeting are important financial management processes used by organizations to plan, allocate, and control financial resources effectively. Financial planning involves estimating the future financial requirements of a business and determining the best ways to obtain and utilize funds to achieve organizational objectives. It helps management in making long-term financial decisions and maintaining financial stability.

Budgeting, on the other hand, is the process of preparing a detailed financial plan for a specific period by estimating expected income and expenses. It helps the organization to control costs, monitor performance, and compare actual results with planned targets.

Together, financial planning and budgeting help organizations in proper utilization of resources, effective decision-making, and achieving overall financial growth and stability.

REVIEW OF LITERATURE

A literature review is a piece of academic writing demonstrating knowledge and understanding of the academic literature on a specific topic placed in context. Here the previous researches related with the present study:

- **Nguyen et al. (2023)** stated that the adoption of digital financial tools and financial technology improves budgeting efficiency, transparency, and decision-making in organizations.
- **Appuhami, Bhuiyan, and Boedker (2024)** found that effective budgeting and clear financial goals help organizations control costs and improve managerial performance.
- **Sonjaya (2024)** explained that modern budgeting practices are increasingly supported by technology and data-driven systems, making financial planning more flexible and efficient.
- **Zhou et al. (2025)** studied strategic budgeting and concluded that proper budget planning and evaluation improve overall financial performance and reduce budgetary inefficiencies in organizations.
- **Azhar and Syarif (2025)** reviewed budgeting practices in small businesses and found that budgeting plays an important role in financial planning, forecasting, and resource allocation.

NEED FOR THE STUDY

The need for this study is to understand the financial planning practices followed by the company and to evaluate the efficiency of its budgeting system. The study also aims to analyze the financial performance of the company over the years in order to assess its financial stability and growth. Further, it helps in identifying the strengths and weaknesses in the company's financial management. In addition, the study examines the role of budgeting in controlling costs and improving the overall profitability of the organization.

OBJECTIVES OF THE STUDY

1. To study the financial planning and budgeting system followed by Consortax Consulting Private Limited.
2. To analyze the financial performance of the company using ratio and trend analysis.
3. To evaluate the role of financial planning in cost control and decision-making.
4. To assess the effectiveness of budgeting as a financial control tool.
5. To examine the relationship between financial planning and the overall financial stability of Consortax Consulting Private Limited.

RESEARCH METHODOLOGY

Research Design : Descriptive research design.

Sources of Data : **Primary, Secondary data**

Primary Data:

The primary data is that data which is achieved fresh hand, and for first time which in nature. Primary data can achieve direct personal interview. To take care the secondary data.

Secondary Data:

The secondary data are those which have already achieved and stored. Secondary data easily get those secondary data from records, journals, annuals report of the company etc., it will save the time, money and efforts to achieve the data. Secondary data also made obtainable direct trade magazine, balance sheets, books etc.

Tools Used for Analysis

The following financial tools are used:

- Ratio analysis
- comparative statements
- trend analysis
- percentage analysis
- Budget Variance Analysis

DATA ANALYSIS & INTERPRETATION

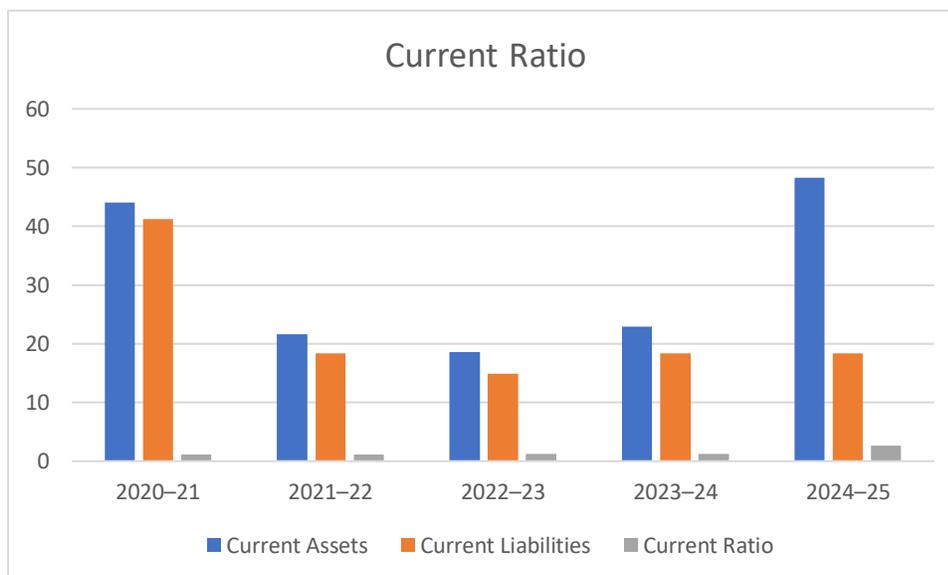
1.RATIO ANALYSIS

1.Current Ratio

Formula:

Current Ratio = Current Assets / Current Liabilities

Year	Current Assets	Current Liabilities	Current Ratio
2020–21	44.1	41.2	1.07
2021–22	21.6	18.4	1.17
2022–23	18.6	14.9	1.25
2023–24	22.9	18.4	1.24
2024–25	48.3	18.4	2.63



Interpretation:

The current ratio measures the company's ability to meet its short-term liabilities using current assets. The ratio shows a gradual improvement over the years, indicating better liquidity. In 2024–25, the ratio increased to **2.63**, which shows that the company has sufficient current assets to cover its current liabilities.

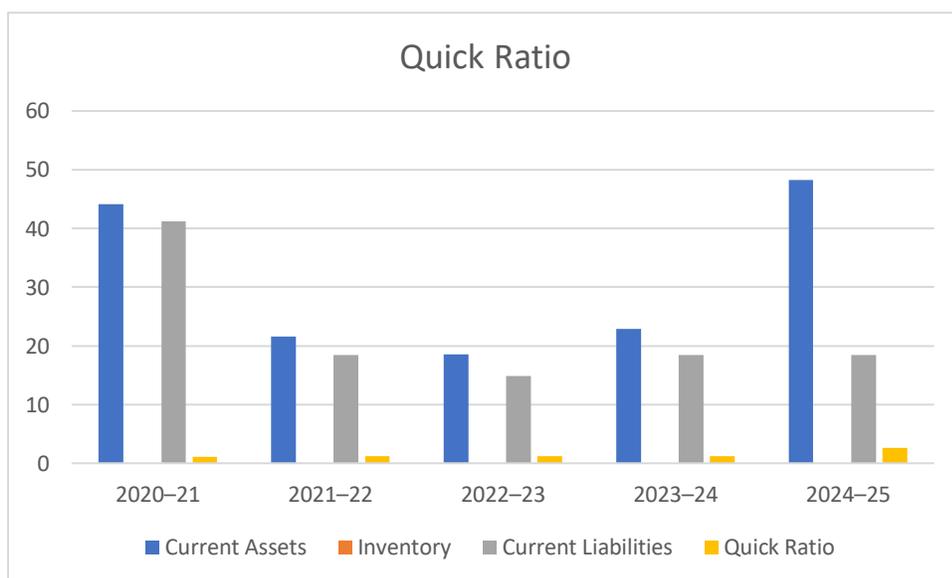
2. Quick Ratio

Formula:

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$$

Inventory is Nil.

Year	Current Assets	Inventory	Current Liabilities	Quick Ratio
2020–21	44.1	0	41.2	1.07
2021–22	21.6	0	18.4	1.17
2022–23	18.6	0	14.9	1.25
2023–24	22.9	0	18.4	1.24
2024–25	48.3	0	18.4	2.63



Interpretation:

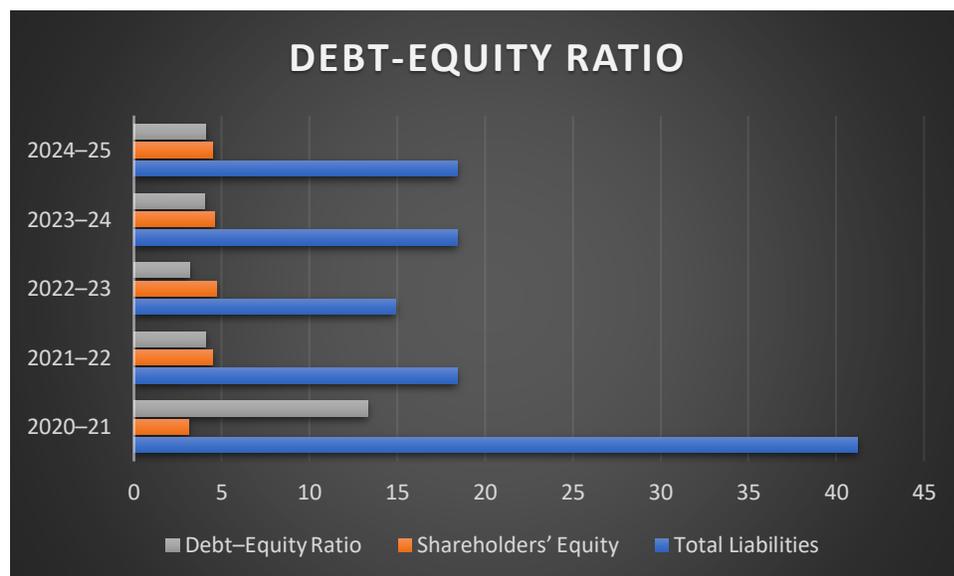
The quick ratio indicates the company's ability to meet short-term obligations using its most liquid assets. Since the company does not maintain inventory, the quick ratio remains the same as the current ratio. This indicates that the company has a strong liquidity position and can easily meet its short-term liabilities.

3. Debt–Equity Ratio

Formula:

Debt–Equity Ratio = Total Liabilities / Shareholders' Funds

Year	Total Liabilities	Shareholders' Equity	Debt–Equity Ratio
2020–21	41.2	3.1	13.29
2021–22	18.4	4.5	4.09
2022–23	14.9	4.7	3.17
2023–24	18.4	4.6	4
2024–25	18.4	4.5	4.09



Interpretation:

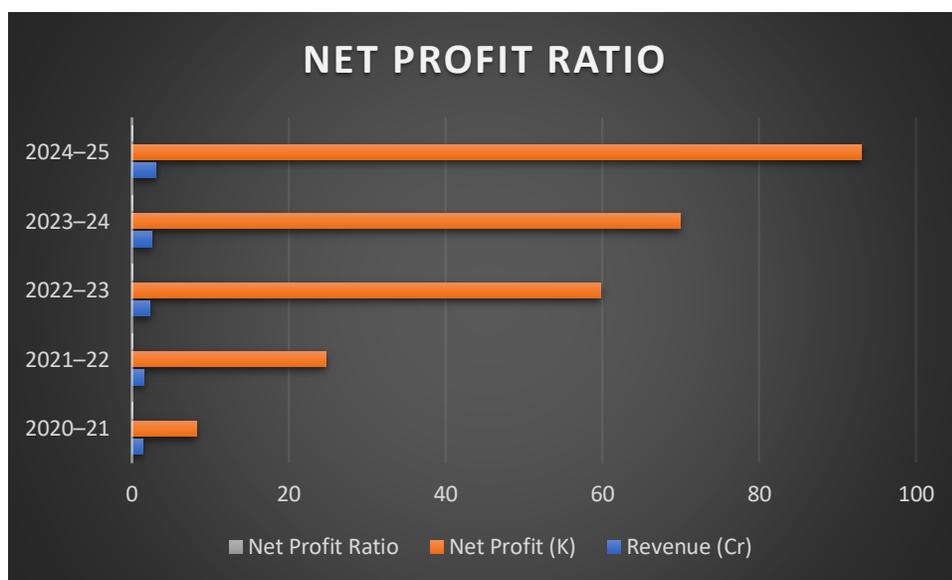
The debt–equity ratio indicates the proportion of debt and equity used to finance the company's operations. The analysis shows that the company relies more on borrowed funds than shareholders' equity. Although the ratio decreased after 2020–21, it still indicates a relatively higher dependence on debt financing.

4. Net Profit Ratio

Formula:

$$\text{Net Profit Ratio} = (\text{Net Profit} / \text{Revenue}) \times 100$$

Year	Revenue (Cr)	Net Profit (K)	Net Profit Ratio
2020–21	1.4	8.2	0.06%
2021–22	1.5	24.7	0.16%
2022–23	2.3	59.8	0.26%
2023–24	2.6	69.9	0.27%
2024–25	3.1	93	0.30%



Interpretation:

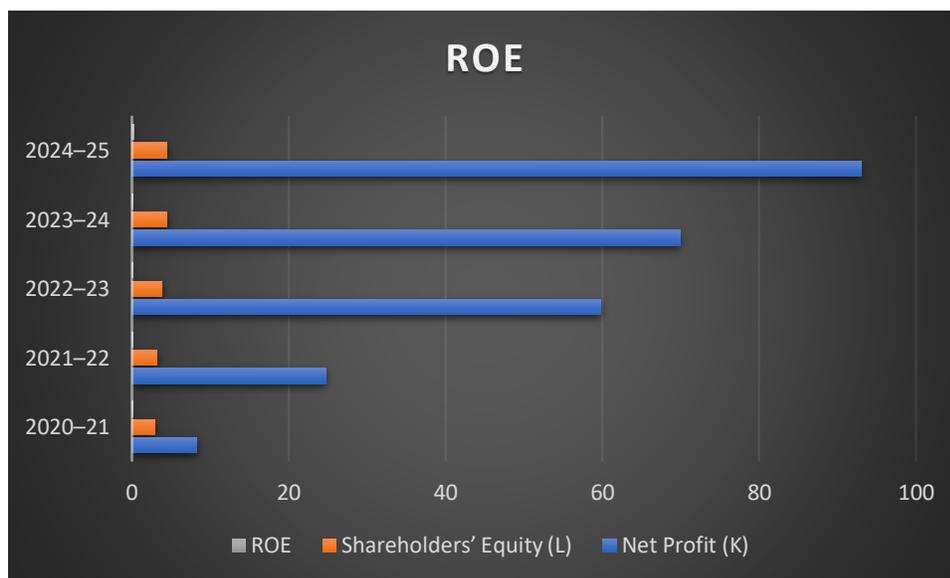
The net profit ratio shows the profitability of the company relative to its revenue. The ratio improved gradually over the years, indicating better financial performance and improved cost control.

5. Return on Equity (ROE)

Formula:

$$\text{ROE} = (\text{Net Profit} / \text{Shareholders' Funds}) \times 100$$

Year	Net Profit (K)	Shareholders' Equity (L)	ROE
2020–21	8.2	2.9	2.83%
2021–22	24.7	3.2	7.72%
2022–23	59.8	3.8	15.74%
2023–24	69.9	4.5	15.53%
2024–25	93	4.5	20.67%

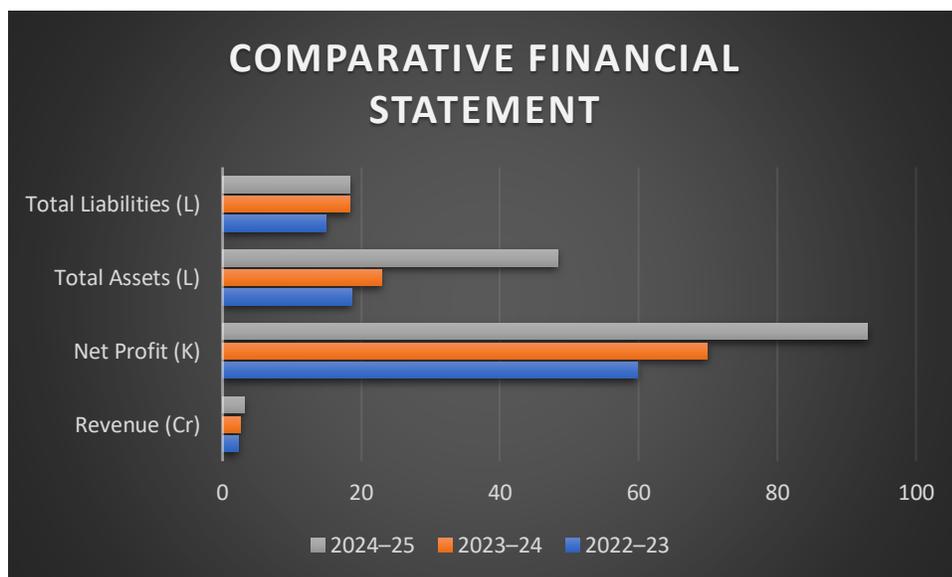


Interpretation:

Return on equity measures how effectively the company generates profit from shareholders' investment. The increasing trend indicates improved efficiency in using shareholders' funds.

2. Comparative Financial Statement

Particulars	2020–21	2021–22	2022–23	2023–24	2024–25
Revenue (Cr)	1.7	2	2.3	2.6	3.1
Net Profit (K)	41	52	59.8	69.9	93
Total Assets (L)	12.4	15.2	18.6	22.9	48.3
Total Liabilities (L)	9.6	12.1	14.9	18.4	18.4



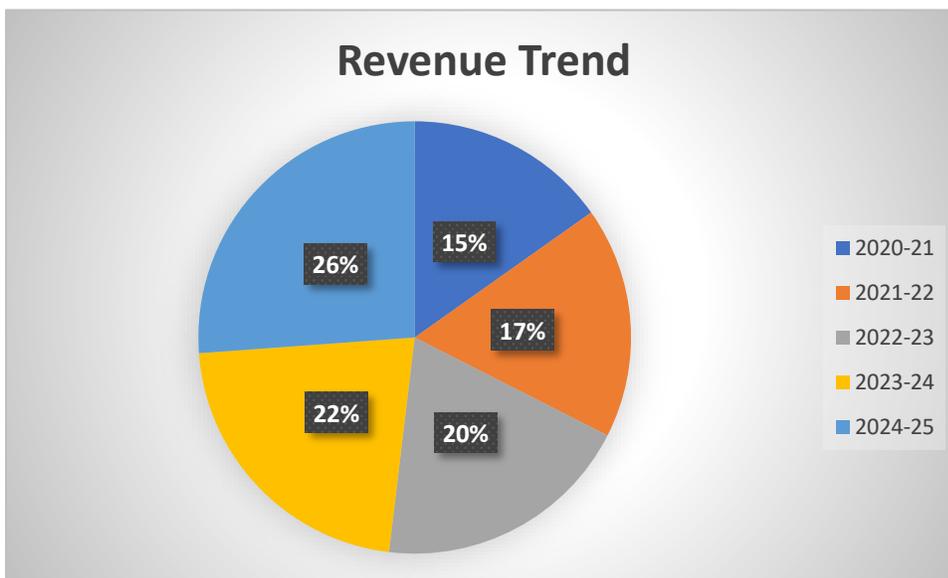
Interpretation:

The above table shows the **comparative financial statement of the company for five years from 2020–21 to 2024–25**. It is observed that **revenue, net profit, and total assets increased over the years**, indicating growth in the company's financial performance. The increase reflects improvement in business operations and financial position.

3.Trend Analysis

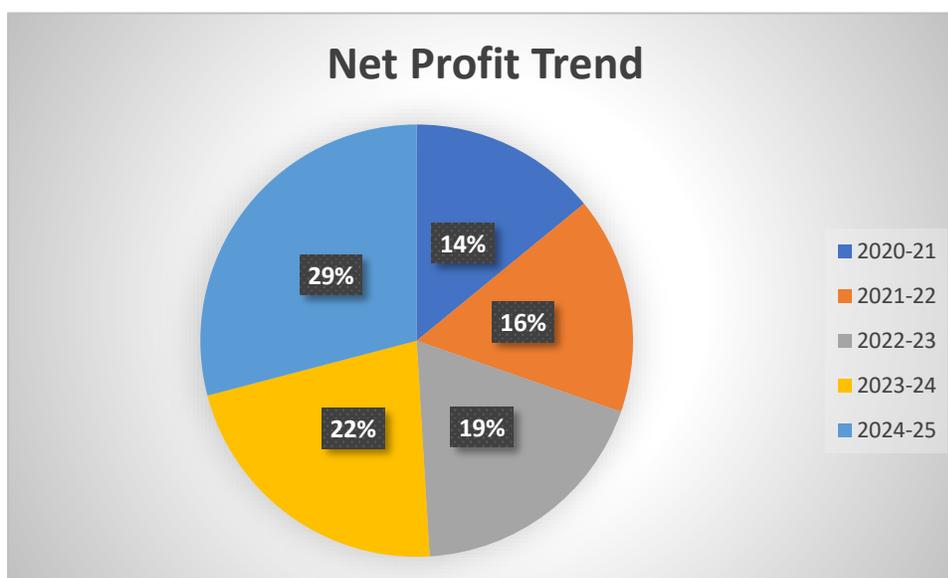
Revenue Trend

Year	Revenue	Trend %
2020-21	180	100
2021-22	205	114
2022-23	230	128
2023-24	260	144
2024-25	310	172



Net Profit Trend

Year	Net Profit	Trend %
2020-21	45	100
2021-22	52	116
2022-23	59.8	133
2023-24	69.9	155
2024-25	93	207



Interpretation:

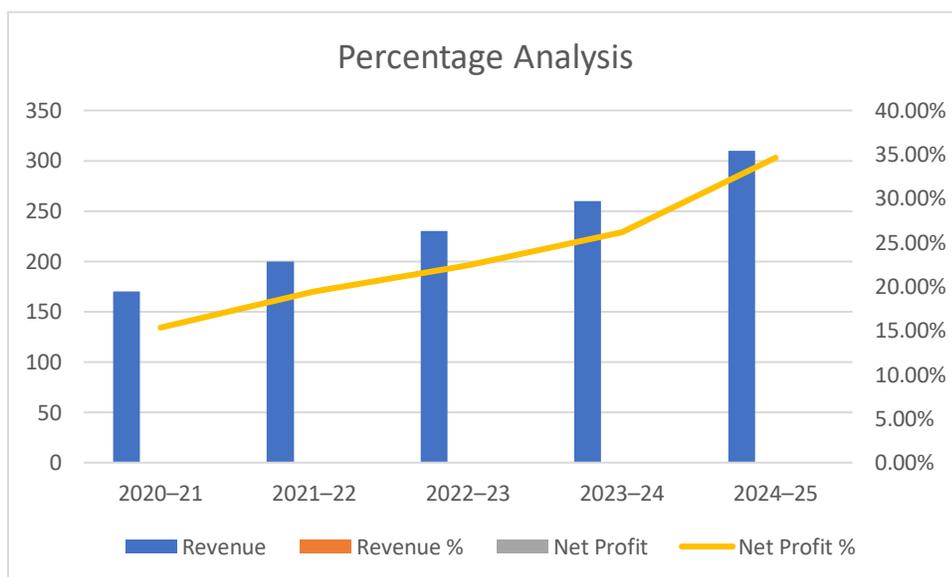
The trend analysis of revenue and net profit shows a positive growth over the study period from **2022–23 to 2024–25**. The revenue increased from **230 to 310**, indicating improvement in the company's sales performance. Similarly, the net profit increased from **0.598 to 0.93**, showing better profitability and efficient cost management. The increasing trend in both revenue and net profit reflects the company's strong financial performance and continuous business growth..

4. Percentage Analysis

Formula:

Percentage = (Particular Value / Total Value) × 100

Year	Revenue	Revenue %	Net Profit	Net Profit %
2020–21	170	15.40%	0.41	15.34%
2021–22	200	18.10%	0.52	19.47%
2022–23	230	20.80%	0.598	22.40%
2023–24	260	23.50%	0.699	26.16%
2024–25	310	28.10%	0.93	34.63%
Total	1170	100%	3.157	100%



Interpretation:

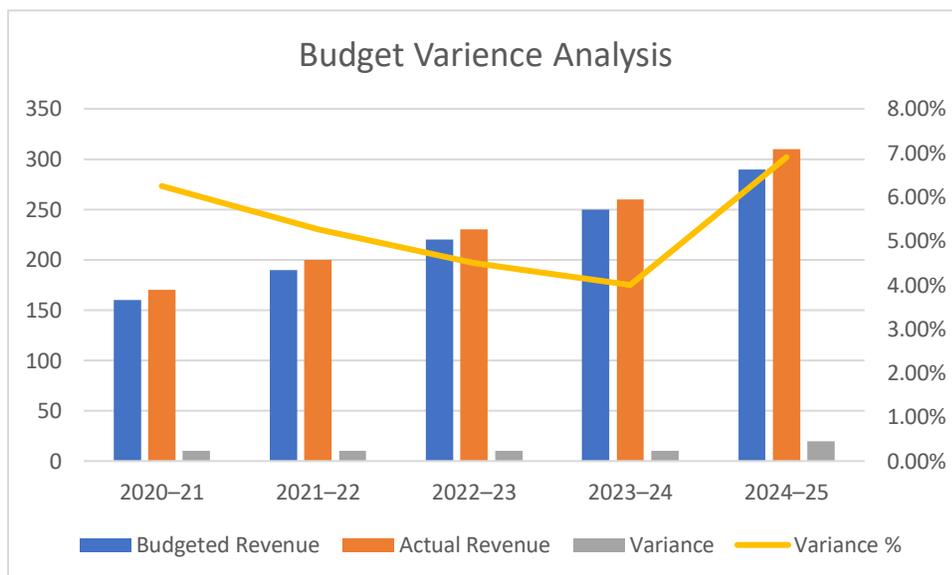
The table shows the **percentage analysis of revenue and net profit for five years from 2020–21 to 2024–25**. It is observed that both **revenue and net profit percentages increased over the years**, indicating growth in business operations and improvement in profitability.

5. Budget Variance Analysis

Formula:

$$\text{Variance Percentage} = (\text{Actual Amount} - \text{Budgeted Amount} / \text{Budgeted Amount}) \times 100$$

Year	Budgeted Revenue	Actual Revenue	Variance	Variance %
2020–21	160	170	10	6.25%
2021–22	190	200	10	5.26%
2022–23	220	230	10	4.50%
2023–24	250	260	10	4.00%
2024–25	290	310	20	6.90%



Interpretation:

The table shows the **budget variance analysis of revenue for five years from 2020–21 to 2024–25**. It is observed that the **actual revenue is higher than the budgeted revenue in all the years**, resulting in a **favorable variance** and indicating good financial performance

Research Findings

1. The analysis shows that the company's **revenue has increased steadily** during the study period from 2022–23 to 2024–25.
2. The **net profit of the company has also increased**, indicating improvement in overall profitability.
3. The **trend analysis indicates positive financial growth** in both revenue and profit.
4. The **percentage analysis shows increasing contribution of revenue and profit**, reflecting better financial performance.
5. The **budget variance analysis indicates that actual revenue is higher than budgeted revenue**, showing effective financial planning and performance.

Suggestions

1. **Since the revenue is increasing, the company should** focus on expanding its market and customer base **to maintain continuous growth**.
2. As profitability is improving, the company should **implement better cost control measures** to further increase net profit.
3. The company should **continue effective financial planning and budgeting practices** to maintain positive financial performance.
4. Management should **analyze financial trends regularly** to make better strategic decisions in the future.
5. The company can **invest more in business development and operational efficiency** to sustain long-term growth.

CONCLUSION

The financial analysis of Consortax Consulting Private Limited shows steady growth in revenue and profit over the three-year period. The company has a strong liquidity position, as it maintains sufficient current assets to meet its short-term obligations.

Although profitability is improving gradually, the profit margin remains low and can be enhanced further. The company also depends more on liabilities for financing, which should be managed carefully.

Overall, the financial performance of the company is stable and improving, but there is still scope for better use of assets and improvement in profit margins.

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