

A study on Cost Control Techniques in an Organisation: MOA Engineering Pvt Ltd

¹SANJAY N , ²SANDHYA V

¹STUDENT, ²ASSITANT PROFESSOR

¹SCHOOL OF MANAGEMENT STUDIES

¹SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI, INDIA

1sanjaynagarajan17@gmail.com , 2prof.sandhya.v@gmail.com

Abstract - This study examines how MOA Engineering Private Limited controlled its costs from 2021 to 2025. The main goal was to determine how the company's costs, revenue, and operations worked together and how cost control affected its performance. In today's business world, managing costs is very important for making a profit and staying in business for a long time; therefore, this study is very relevant.

This study focuses on cost control methods, such as creating budgets, managing inventory, and reducing costs. Making budgets helps plan and control money, while managing inventory with methods like Economic Order Quantity and Just-In-Time helps keep the amount of stock and reduces costs. Reducing costs helps cut expenses without affecting how well the company operates. These tools help manage money and improve the company's operations.

The study found that even though MOA Engineering Private Limited made money over the years, its costs increased much faster. The company spent a significant amount of money on materials and operations. This imbalance between costs and revenue hurts the company's profits. It even lost money in 2025. This shows that the company did not do a job of control its costs and needs to plan and monitor its finances better.

The study states that controlling costs is not about cutting expenses but about finding a good balance between costs, efficiency, and productivity. To control costs, the company needs to monitor things, plan carefully, and make decisions on time. The study suggests that MOA Engineering Private Limited should improve its cost control by making budgets, managing inventory better, and regularly checking its operational expenses.

The study shows that a good cost control system is necessary for the company to stay financially stable and survive in the long term. By managing costs and being strict with finances, the company can make more money and compete better in the market.

Key Words : Cost Control, Budgeting, Inventory Management, Cost Reduction, Financial Performance, Operational Efficiency, Profitability, EOQ, JIT, Financial Stability, Sustainability.

I. INTRODUCTION

In today's business world, it is important for companies to keep their costs under control. This is because businesses face many challenges, such as higher costs for materials, more expensive labor, and a lot of competition. Making money is not enough; companies need to be smart about how they spend their money if they want to be successful in the long run.

Controlling costs involves monitoring expenditures and ensuring that they do not become excessive. Companies use methods to do this, such as making budgets, setting standard costs, and keeping track of how well they are doing. These methods help companies waste less, use their resources better, and be more efficient. When companies control their costs well, they can make responsible decisions with their money and make more profit.

MOA Engineering Private Limited operates in an industry where costs can vary significantly. This means that they must be very good at controlling their costs. This study examines how companies are doing this and how it affects their financial situation. When we look at the company's numbers, we see that they have been making more money, but their costs have been increasing even faster. This means that they are not making as much profit as they used to, and they even lost money in 2025. This shows that the company needs to take a look at how they are controlling their costs.

Therefore, this study aims to examine how MOA Engineering Private Limited spends its money, identify areas for improvement, and explore how the implementation of cost control methods can enhance their financial performance. The findings of this study will help us understand the importance of companies managing their costs well if they want to be profitable and financially healthy.

Objectives of the Study

- To analyze the company's cost structure and financial performance
- To evaluate how well cost control techniques are working
- To study trends in expenses and profits
- To suggest ways to improve cost management

II. LITERATURE REVIEW

- Sharma (2022) studied the impact of cost control mechanisms on profitability in manufacturing firms. The study found that effective cost monitoring and variance analysis can improve profit margins and operational efficiencies.
- Kumar (2023) analyzed working capital management and cost control in medium-sized enterprises. The findings reveal that efficient inventory management techniques can reduce holding costs and improve liquidity.

- Nair (2021) studied the role of budgeting in cost control. They found that companies with strong budgetary systems can better control unnecessary expenses and achieve financial stability.
- Singh (2022) highlighted the challenges that firms face in controlling costs. The study emphasizes that improper allocation of costs can lead to inaccurate pricing and reduced profitability.
- ICAI (2022) emphasized the importance of costing and variance analysis as essential tools for identifying inefficiencies and improving cost performance.
- The World Bank Report (2023) indicates that firms adopting cost control techniques and digital accounting systems show higher efficiency and better financial outcomes.
- Murugan (2025) found that increasing compliance and operational costs can significantly affect the profitability of medium-sized enterprises, highlighting the need for systematic cost control practices.

III. RESEARCH METHODOLOGY

Research Design

This study uses a descriptive approach to examine the cost control techniques used by MOA Engineering Pvt. Ltd.. It examines the performance, cost structure, and efficiency of MOA Engineering Pvt. Ltd. using historical data.

This study focuses on MOA Engineering Pvt. Ltd. and how it handles costs. It uses financial data to understand how MOA Engineering Pvt. Ltd. performs financially over a certain period of time.

Data Sources

This study uses data from MOA Engineering Pvt. Ltd's financial statements. These include the Balance Sheet, Profit and Loss Account, and financial ratios. The study also uses information from journals, articles, textbooks, and online sources that discuss cost control techniques.

Tools Used

This study uses financial and analytical tools to analyze the data. These tools include:

- Ratio Analysis to look at profitability, liquidity and leverage ratios
- Trend Analysis to see how things change over the years
- Comparative Analysis to compare the performance of MOA Engineering Pvt. Ltd
- EOQ and JIT Analysis to see how well MOA Engineering Pvt. Ltd manages its inventory

These tools help us understand how costs behave and how efficient MOA Engineering Pvt. How well it performs financially.

Sampling Method

This study uses MOA Engineering Pvt. Ltd. as a case study. It focuses on one company. It uses financial data from a five-year period from 2021 to 2025. This period is long enough to observe trends and evaluate how well MOA Engineering Pvt. Ltd. controls its costs.

Period of Study

This study covers five years from 2021, to 2025. This provides a picture of how costs change over time and how MOA Engineering Pvt. Ltd. performs financially. The five-year period helps us understand the cost trends and performance over time at MOA Engineering Pvt. Ltd.

IV. KEY INSIGHT AND ANALYSIS

A) The Concepts Explanation

Cost control ensures that we do not spend excessive money. We want to ensure that our company, MOA Engineering Pvt. Ltd., is running smoothly and making a profit. To do this, we look at how much money is coming in and how much is going out. We refer to this as revenue and expense analysis. It helps us determine whether our costs are getting too high and affecting our profits. We also look at what things cost us the most, such as materials, labor, and overheads. This is called a cost structure analysis. It shows us where we are spending a lot of money. We then examine how our company is performing in terms of making money. This is called a profitability analysis. It shows whether our costs are getting too high and affecting our profits. We also use tools such as EOQ analysis. This helps us determine the stock we should keep so that we do not waste money on ordering and storing things. We also use JIT analysis, which helps us maintain the right amount of stock. We only keep what we need, when we need it. All

these tools help us understand how to control costs at MOA Engineering Pvt. Ltd. They help us identify problems and make our company financially stable.

B) Analysis / Arguments

1. REVENUE AND EXPENSE ANALYSIS

Table 1: Revenue vs Expenses (₹ in Lakhs)

Year	Revenue	Total Expenses	Profit/Loss
2025	12,366	13,223	-857
2024	8,375	8,032	342
2023	6,603	6,345	258
2022	10,421	9,843	577
2021	8,212	7,694	518

Interpretation:

- The company's revenue increased significantly in 2025.
- Expenses exceeded revenue, leading to losses.
- The cost of materials and other expenses contributed to the loss.
- This indicates cost control, despite growth in operations.

2. COST STRUCTURE ANALYSIS

Table 2: Major Cost Components (₹ in Lakhs)

Cost Component	2025	2024	2023	2022	2021
Material Cost	6,535	3,526	3,416	6,089	4,859
Employee Cost	712	639	544	620	403
Finance Cost	98	98	67	49	29
Other Expenses	5,842	3,734	2,282	3,042	2,359

Interpretation

- Material costs dominate the expenses.
- There is a rise in other expenses, indicating inefficiency.
- Increasing employee and financial costs reflect expansion. Need control.

3. Profitability Analysis

Table 3: Profitability Ratios

Year	Gross Margin	Net Margin
2025	47.16%	-6.76%
2024	56.20%	2.62%
2023	48.26%	2.89%
2022	41.54%	3.79%
2021	39.83%	4.72%

Interpretation

- The company's profitability has been declining over the years.
- In 2025, the company shows a negative net margin due to cost escalation.
- This indicates a failure in cost control.

4. EOQ Analysis

Table 4: Inventory and Material Cost

Year	Cost of Materials (₹ Lakhs)	Inventory (₹ Lakhs)	Inventory Days
2025	6,535	346	19
2024	3,526	250	25
2023	3,416	124	13
2022	6,089	94	5
2021	4,859	112	8

Interpretation

- Inventory levels have increased significantly from ₹94 lakhs in 2022 to ₹346 lakhs in 2025. This implies that the company is spending money to maintain all this inventory.
- The number of days required to sell the inventory has also increased from 5 days in 2022 to 19 days in 2025. This is a sign that the company is not selling its inventory as quickly as it used to.
- The cost of materials increased significantly in 2025. This is a problem because it means that the company has to use more of its money to buy and hold inventory.
- The company is not doing a job of managing its inventory levels. It holds much more inventory than in previous years.
- The company's inventory management is not working well.

5. Just In Time (JIT) Analysis

Table 5: Just-In-Time (JIT) Inventory

Year	Inventory Days	Receivable Days	Cash Position (₹ Lakhs)
2025	19	56	1,725
2024	25	103	1,631
2023	13	67	1,550
2022	5	80	1,841
2021	8	152	1,372

Interpretation

- In 2025, the company took a lot longer to sell its inventory, which is not what just in time inventory management is supposed to do.
- The company performed a job with just-in-time inventory management in 2022 when it had only five days of inventory.
- The company is doing a job of getting paid by its customers in a timely manner. It used to take 152 days to be paid. Now, it only takes 56 days.
- Having a lot of inventory in 2025 is not in line with the principles of inventory management.

6. Trend Analysis

Table 6: Comparative Balance Sheet of MOA Engineering PVT LTD

Particulars	2025	2024	2023	2022	2021
EQUITY & LIABILITIES					
Shareholders' Funds	3,224	4,061	3,841	3,651	3,255
Non-Current Liabilities	54	58	134	173	214
Current Liabilities	5,552	4,712	2,605	4,356	4,345
Total Liabilities	8,830	8,831	6,579	8,179	7,815
ASSETS					
Non-Current Assets	2,116	2,051	1,838	1,948	1,897
Current Assets	6,714	6,780	4,741	6,231	5,918
Total Assets	8,830	8,831	6,579	8,179	7,815

Interpretation

- Shareholders' funds increased up to 2024 but declined in 2025 due to losses.
- Non-current liabilities decreased, indicating repayment of long-term debt.
- Current liabilities increased significantly, showing higher dependence on short-term finance.
- Total assets remained relatively stable over the years.

- The company relies heavily on working capital for operations.
- Overall financial position shows weakening stability and need for better cost and liquidity management.

C) FINDINGS AND RESULTS

- The company is spending money than it is making, which means it is not making as much profit as it could be.
- We are not doing a job of keeping costs under control and this is hurting our profit margins.
- The cost of materials is very high. This is a big part of our total expenses.
- Our operating expenses, like rent and utilities are going up. This is affecting how well we are doing financially.
- We lost money in 2025. This shows that we are not managing our costs very well.
- We do not have a lot of money to us when we need it which means we need to get better at managing our cash.
- We are not doing a job of managing our cash flow and debt and this is putting a lot of pressure, on us financially.
- We are relying much on short term loans, which shows that we are not planning our finances very well.
- If we can manage our inventory better we can reduce the costs of holding onto things for long.
- If we can manage the money that people owe us better we can get more cash coming in. This will help us keep our costs under control.

V. CONCLUSION

- The study concludes that cost control techniques play a role in determining organizational success. In the case of MOA Engineering Private Limited although operational efficiency has improved in areas, ineffective cost control, especially, in material and overhead expenses has negatively impacted profitability.
- Strengthening cost control measures will help the company achieve growth and financial stability. MOA Engineering Private Limited needs to focus on cost control techniques to improve its performance.

SUGGESTIONS

- Implement budgeting to control expenses.
- We need to cut down on material and operating costs.
- To manage inventory better we should use Economic Order Quantity (EOQ) and Just-In-Time (JIT) methods.
- Improving cash flow and managing liquidity properly is crucial.
- Reducing our dependence on short-term borrowings will help us financially.
- Regular financial analysis will help us keep track of costs.
- We must collect receivables from customers efficiently.
- Periodic cost audits will help identify areas, for improvement.
- Improving how we operate will make us more efficient overall.

REFERENCES

1. Kumar, R. (2023). *Working Capital Management and Cost Control in MSMEs*. Journal of Finance and Accounting, 15(2), 45–62.
2. Sharma, P. (2022). *Cost Control Techniques and Profitability Analysis in Manufacturing Firms*. Accounting Review, 28(4), 112–130.
3. Singh, A. (2022). *Overhead Cost Management in Industrial Organizations*. Economic Journal, 19(3), 78–95.
4. Nair, S. (2021). *Budgetary Control and Financial Performance*. Finance India, 35(3), 201–218.
5. Institute of Chartered Accountants of India (ICAI). (2022). *Cost Accounting and Control Guidelines*. ICAI Publications.
6. World Bank. (2023). *MSME Financing and Performance Report*. World Bank Publications.
7. Murugan, K. (2025). *Cost Management Challenges in MSMEs*. International Journal of Business Studies, 12(1), 33–47.
8. RBI. (2023). *Financial Health of MSMEs in India*. Reserve Bank of India Bulletin.
9. Taxmann Publications. (2024). *Cost Accounting Principles and Practices*. Taxmann.
10. CBIC. (2021). *Financial Performance and Cost Efficiency Reports*. Government of India.