FINANCE

# Managing Costs While Improving Profitability: A Case Study of Expertise Management Services (FY 2023–24 to FY 2025–26)

Rohan Chauhan

Amity University Mumbai, Maharashtra, India

Published November 2026

**Abstract**

Financial performance is an important indicator of the overall health and sustainability of an organisation. It reflects how effectively a business generates revenue, manages its expenses and maintains profitability.

## 1 Introduction

Financial performance is an important indicator of the overall health and sustainability of an organisation. It reflects how effectively a business generates revenue, manages its expenses and maintains profitability.

For service-based organisations, financial performance is particularly influenced by employee costs, operational expenses and the ability to deliver services efficiently. Managing these costs while maintaining service quality is an important challenge.

This case study examines the financial performance of Expertise Management Services, an organisation operating in the security, manpower and facility management sector. It focuses on the company's revenue growth, expense management and profitability over three financial years, from FY 2023–24 to FY 2025–26.

The objective is to understand how the organisation's income and expenditure have changed over the selected period and how effective cost management has contributed to its financial performance.

## 2 Background: Expertise Management Services

Expertise Management Services is a service-oriented organisation providing security, manpower and facility management solutions to its clients.

The organisation offers several services, including:

- Armed and Unarmed Manned Guarding Services
- Cash Van Services
- Bouncer and Bodyguard Services
- Event Security Management
- Skilled and Unskilled Manpower Services
- Temporary Staffing

- Facility Management
- Housekeeping Services

The company's business model primarily depends on providing personnel and operational services to clients according to their requirements.

Since most of its activities are manpower-intensive, employee-related expenses form a significant part of its overall expenditure. Other expenses include administration, transportation, equipment and general operating costs.

Therefore, maintaining a balance between service revenue and operating expenditure is essential for the organisation to achieve sustainable profitability.

## 3 Case study: financial performance of Expertise Management Services

The organisation's financial performance was examined over three financial years using revenue, expense and profitability information.

### 3.1 Revenue and expense analysis

The following table presents the comparative financial position of the organisation.

**Table 1.** Comparative financial performance.

| Particulars | FY 2023–24 | FY 2024–25 | FY 2025–26 |
|---|---|---|---|
| Service Revenue | ₹62.50 L | ₹71.80 L | ₹84.50 L |
| Other Income | ₹0.50 L | ₹0.65 L | ₹0.80 L |
| Total Income | ₹63.00 L | ₹72.45 L | ₹85.30 L |
| Total Expenses | ₹54.00 L | ₹61.00 L | ₹69.50 L |
| Profit Before Tax | ₹9.00 L | ₹11.45 L | ₹15.80 L |

*Note:* L = lakh. Source: company financial records (author's internship report).

The financial figures indicate a consistent increase in total income throughout the study period. Total income increased from ₹63 lakh in FY 2023–24 to ₹85.30 lakh in FY 2025–26.

Similarly, total expenses increased from ₹54 lakh to ₹69.50 lakh. However, the growth in income was higher than the growth in expenses, contributing to an improvement in profitability.

### 3.2 Expense management

Employee and manpower expenses represent the largest expense category for the organisation.

**Table 2.** Major expense categories (₹ lakh).

| Expense Category | FY 2023–24 | FY 2025–26 |
|---|---|---|
| Employee/Manpower Expenses | 39.00 | 50.50 |
| Administrative Expenses | 5.50 | 6.75 |
| Operations & Transportation | 3.50 | 4.75 |
| Facility & Equipment Expenses | 2.00 | 2.50 |

| Expense Category | FY 2023–24 | FY 2025–26 |
|---|---|---|
| Other Operating Expenses | 4.00 | 5.00 |
| **Total Expenses** | **54.00** | **69.50** |

The increase in manpower expenses is associated with the organisation's service-oriented business model. As the organisation expands its services, additional personnel and operational resources are required.

This highlights the importance of proper workforce planning, cost monitoring and efficient allocation of resources.

### 3.3 Profitability analysis

Profitability indicates how effectively an organisation converts its income into profit after meeting its expenses.

Table 3 presents the organisation's profitability over the selected period.

**Table 3.** Profitability analysis.

| Particulars | FY 2023–24 | FY 2024–25 | FY 2025–26 |
|---|---|---|---|
| Total Income | ₹63.00 L | ₹72.45 L | ₹85.30 L |
| Total Expenses | ₹54.00 L | ₹61.00 L | ₹69.50 L |
| Profit Before Tax | ₹9.00 L | ₹11.45 L | ₹15.80 L |
| Profit Margin | 14.29% | 15.80% | 18.52% |

$$\text{Profit margin} = \frac{\text{Profit before tax}}{\text{Total income}} \times 100 \quad (1)$$

The profitability analysis indicates an improvement in the organisation's financial performance. Profit before tax increased from ₹9 lakh in FY 2023–24 to ₹15.80 lakh in FY 2025–26.

The profit margin also improved from 14.29% to 18.52%, indicating that a greater proportion of total income was retained as profit before tax.

## 4 Challenges in financial management

Despite the positive financial performance, the organisation faces certain challenges associated with managing a manpower-intensive service business.

- **Increasing Manpower Expenses:** Employee-related expenses form the largest component of total expenditure. Managing salaries and other personnel-related costs while maintaining service quality is an important challenge.
- **Operational Cost Management:** Expenses related to transportation, administration, equipment and daily operations increase as business activities expand.
- **Maintaining Profitability:** An increase in revenue does not automatically result in higher profitability. Organisations must ensure that expenses do not increase faster than income.
- **Financial Planning and Monitoring:** Regular monitoring of income and expenditure is necessary to identify unnecessary costs and support effective financial decisions.

- **Resource Allocation:** The organisation needs to allocate its workforce and operational resources efficiently to meet client requirements without creating avoidable expenditure.

## 5 Comparative financial analysis

A comparative analysis of the three financial years helps understand the changes in the organisation's income, expenditure and profitability. The year-on-year growth rates are given in Table 4.

**Table 4.** Comparative financial analysis (year-on-year growth).

| Financial Indicator | FY 2024–25 Growth | FY 2025–26 Growth |
|---|---|---|
| Total Income | 15.00% | 17.74% |
| Total Expenses | 12.96% | 13.93% |
| Profit Before Tax | 27.22% | 38.86% |

The comparative analysis indicates that total income increased at a higher rate than total expenses during both periods.

Profit before tax also recorded a stronger growth rate, particularly in FY 2025–26, when it increased by approximately 38.86%.

This suggests that the organisation was able to improve its profitability while managing the increase in operational expenditure.

The trend analysis further supports this observation, with the profit-before-tax index reaching 175.56 in FY 2025–26, compared with the base-year index of 100 in FY 2023–24.

## 6 Lessons and recommendations

Based on the financial analysis, the following recommendations can help the organisation maintain and improve its financial performance.

- **Effective Manpower Planning:** The organisation should regularly evaluate workforce requirements to ensure that employee deployment is aligned with actual client needs.
- **Regular Expense Monitoring:** Administrative, transportation and other operating expenses should be reviewed periodically to identify opportunities for cost control.
- **Budgetary Planning:** Preparing annual budgets and comparing actual expenditure with planned expenditure can help improve financial control.
- **Improving Resource Utilisation:** Proper allocation of employees, equipment and other resources can help reduce unnecessary expenditure and improve operational efficiency.
- **Regular Financial Performance Analysis:** The organisation should continue monitoring revenue, expenses and profitability through comparative and trend analysis.
- **Strengthening Financial Records:** Maintaining organised financial records and regularly reviewing financial statements can support better decision-making.
- **Maintaining Profitability Alongside Growth:** The organisation should focus not only on increasing revenue but also on ensuring that expenses remain under control as business activities expand.

## 7 Conclusion

The financial performance of Expertise Management Services over FY 2023–24, FY 2024–25 and FY 2025–26 indicates an overall improvement in its financial position.

Total income increased from ₹63 lakh to ₹85.30 lakh, while profit before tax increased from ₹9 lakh to ₹15.80 lakh. Although total expenses also increased during the period, their growth remained lower than the growth in total income.

The improvement in profit margin from 14.29% to 18.52% further indicates better profitability during the selected period.

The case study highlights the importance of effective expense management, particularly manpower-related expenditure, in a service-based organisation. It also demonstrates that financial performance should be evaluated by considering revenue growth, cost management and profitability together.

Overall, the organisation's financial performance reflects a positive trend during the period studied. Continued attention to financial planning, expense monitoring and efficient resource utilisation can help support its future growth and financial stability.

## References

[1] Chauhan, R. J. (2026). A Study of Financial Performance at Expertise Management Services. *Summer Internship Project Report*, Amity Business School, Amity University Mumbai.