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A COMPARATIVE ANALYSIS OF SERVICE LINE PROFITABILITY AT SIDVI CORE TECH

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Keywords	*Abstract*
	This study focuses on analyzing and comparing the profitability of four major service lines at SIDVI Core Tech Pvt. Ltd.—FPSO (Floating Production Storage and Offloading), FLNG (Floating Liquefied Natural Gas), TMS (Turret Mooring System), and Onshore & Process Plant. The research assesses financial performance through key metrics such as revenue, cost structure, gross profit margin, and net profit margin to identify high-performing and underperforming service lines. Using financial ratio analysis and comparative evaluation, the study reveals that FPSO is the most profitable service line, contributing significantly to overall revenue and net margin, while FLNG and Onshore & Process Plant show moderate returns, and TMS demonstrates scope for improvement. The study concludes with strategic recommendations to enhance underperforming divisions through cost optimization, improved employee utilization, and better resource allocation.

1. INTRODUCTION

In today's competitive engineering and project management sector, profitability analysis is an essential management tool to evaluate financial health, operational efficiency, and business

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sustainability. SIDVI Core Tech Pvt. Ltd., a leading engineering and project management consultancy, operates in multiple service domains within the oil, gas, and energy industries. The company's major service lines—FPSO, FLNG, TMS, and Onshore & Process Plant—contribute differently to its financial performance due to variations in project complexity, cost structure, and client requirements. This comparative analysis aims to assess the financial efficiency of each service line by evaluating revenue generation, cost behavior, and profitability ratios. The findings support strategic decisions that improve resource utilization and strengthen SIDVI's long-term competitiveness.

2. OBJECTIVES OF THE STUDY

- To evaluate and compare the profitability of each service line within SIDVI Core Tech Pvt. Ltd.
- To analyses the cost structure and operational efficiency influencing overall profitability.
- To suggest strategies for improving the performance of underperforming service lines.

3. REVIEW OF LITERATURE

1. **Heskett et al. (1994) –** The Service-Profit Chain Framework, Heskett and his colleagues introduced the Service-Profit Chain, which explains how employee satisfaction, service quality, and customer loyalty directly affect profitability. Their model established that internal employee engagement drives external customer satisfaction, which then improves revenue and profit growth. For SIDVIN Core Tech, this framework supports the inclusion of employee utilization and engagement as profitability drivers across service lines like FPSO and TMS.
2. **Kaplan and Cooper (1998) –** Activity-Based Costing and Profitability, Kaplan and Cooper emphasized Activity-Based Costing (ABC) as a superior method for allocating indirect costs accurately to products or service lines. Their findings showed that traditional costing often distorts profitability measurement, while ABC helps identify high-cost and high-profit segments. SIDVIN's analysis of cost structure and contribution margins aligns with this approach, ensuring each service line's costs are traced precisely.
3. **Lewison (2006) –** Profitability Drivers in Industrial Services, Lewison's research on industrial service organizations found that productivity (revenue per employee), market share, and operational efficiency were stronger predictors of profitability than total sales volume. His study highlights the importance of labour efficiency, supporting SIDVIN's metric of employee utilization as a profitability determinant across engineering service lines.
4. **Gol Mohammadi (2011) –** Service Quality and Profitability, Gol Mohammadi examined the relationship between service failures, recovery strategies, and profitability in the airline industry. The study revealed that profitability depends not only on cost efficiency but also

on service quality and customer retention. This finding is relevant to SIDVIN, where technical service quality and project reliability affect repeat business in FPSO and FLNG contracts.

5. **Thapa et al. (2019) –** Service-Line Rationalization in Multiservice Organizations, Thapa's framework on service-line rationalization proposed that organizations should use profitability and demand data to decide which service lines to expand, maintain, or reduce. Applying this concept, SIDVIN can evaluate underperforming lines such as TMS and Onshore by comparing margins, break-even levels, and utilization to reallocate resources more effectively.
6. **Park & Lee (2021) –** Two-Stage DEA for Service Efficiency, Park and Lee's two-stage Data Envelopment Analysis (DEA) approach assessed efficiency by linking operational inputs to service outputs and profitability outcomes. They demonstrated that a multi-stage model gives deeper insight than traditional financial ratios. This methodology supports SIDVIN's comparative approach combining cost efficiency, employee utilization, and profitability metrics.
7. **Lukic (2022) –** Energy Efficiency and Engineering Profitability, Lukic's research on energy efficiency in offshore and onshore engineering projects showed that adopting advanced design systems and digital tools improves cost performance and sustainability. His findings underscore the value of digital transformation in boosting profitability — an insight directly applicable to SIDVIN's TMS and FLNG lines, where automation can reduce engineering time and costs.
8. **Temuco (2023) –** Product-Service Systems and Profit Growth, Temuco explored how engineering firms that integrate product-service systems (PSS) achieve better financial performance through technology adoption and value-added services. The study found that innovation and service diversification significantly influence long-term profit margins. SIDVIN's expansion into integrated offshore solutions echoes this model, making innovation a central profitability driver.

4. RESEARCH METHODOLOGY

- Research Design:

Descriptive design to present profitability, revenue, and cost details, and analytical design to compare the performance of different service lines at SIDVIN Core Tech.

- Data Sources:

Primary data from interviews and discussions; secondary data from financial statements, departmental reports, manuals, and published materials.

- Tools Used:

Gross profit margin, net profit margin, comparative analysis, and trend analysis.

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➢ ANALYSIS

Table 1: Service Line — Revenue & Net Profit (₹ Crore)

Service Line	Revenue (2020-21)	Revenue (2024-25)	Net Profit (2020-21)	Net Profit (2024-25)
FPSO	28.5	42.5	6.0	12.9
FLNG	21.0	34.0	3.2	7.1
TMS	21.0	34.0	3.3	9.0
Onshore & Process Plant	18.0	28.0	3.2	7.1

Interpretation:

The table shows that FPSO leads in both revenue and net profit in 2024–25 (Revenue ₹42.5 Cr; Net Profit ₹12.9 Cr), while Onshore projects have lower revenue and profit comparatively. FLNG and TMS show healthy growth in net profit over the period.

Table 2: Cost Structure & Profitability Ratios (2024–25)

Service Line	Gross profit Margin (%)	Net Profit Margin (%)	Operating Profit Margin (%)	Fixed Cost Ratio (%)	Contribution Margin (%)	Break-even Revenue (₹ Crore)
FPSO	46.35	30.59	34.59	21.74	34.59	19.94
FLNG	41.43	20.88	—	—	44.41	41.06
TMS	42.35	26.47	26.47	24.80	26.47	41.06
Onshore & Process Plant	41.43	26.47	28.71	24.80	44.41	41.06

Interpretation:

FPSO records the highest gross and net margins and the lowest break-even revenue, indicating superior cost-efficiency. FLNG, TMS and Onshore show decent margins but higher break-even points, indicating scope for fixed-cost optimization.

Table 3: Employee Utilization & Revenue per Employee

Service Line	Utilization (2020-21)	Utilization (2024-25)	Revenue/Employee (2020-21, ₹ Lakh)	Revenue/Employee (2024-25, ₹ Lakh)
FPSO	85%	92%	22	29

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FLNG	83%	90%	21	34
Onshore & Process Plant	83%	90%	18	23

Interpretation:

Employee utilization and revenue per employee have improved across service lines. FPSO shows the highest utilization and revenue per employee, contributing to its superior profitability. TMS and FLNG show strong utilization improvements supporting rising profit trends.

Table 4: Five-Year Summary — Gross Profit & Net Profit Growth (₹ Crore)

Service Line	Gross profit (2020-21)	Gross profit (2024-25)	Net Profit (2020-21)	Net Profit (2024-25)
FPSO	11.5	19.7	6.0	12.9
FLNG	8.3	15.1	3.2	7.1
TMS	7.5	14.4	3.3	9.0
Onshore & Process Plant	6.8	11.6	3.2	7.1

Interpretation:

All service lines show consistent gross and net profit growth over the five-year period; FPSO shows the highest absolute growth in both gross profit and net profit.

5. FINDINGS

- FPSO is the most profitable service line with the highest contribution to total company revenue and profit margins.
- FLNG shows stable growth due to increasing LNG demand and efficient project management.
- Onshore & Process Plant demonstrates moderate profitability but requires cost optimization and better utilization.
- TMS records the lowest profitability primarily due to high engineering costs and low project frequency.
- Employee utilization significantly influences profitability, with FPSO showing the highest rate and TMS the lowest.
- Advanced digital tools and data-driven cost management can improve efficiency across all divisions.

6. SUGGESTIONS

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1. Implement advanced project management and cost-monitoring tools to improve transparency and control.
2. Enhance employee utilization in low-performing divisions through cross-functional training and workload balancing.
3. Focus on expanding FLNG capabilities to capture emerging opportunities in the global LNG market.
4. Introduce automation and digital engineering practices to reduce overhead costs.
5. Strengthen collaboration across departments to ensure consistent quality, cost efficiency, and timely delivery.
6. Explore diversification into renewable energy services to mitigate dependency on oil and gas projects.

7. CONCLUSION

The comparative analysis of service line profitability at SIDVI Core Tech Pvt. Ltd. concludes that FPSO stands as the strongest and most profitable division, contributing substantially to overall business growth. FLNG and Onshore & Process Plant maintain stable financial performance, while TMS requires strategic attention to enhance cost efficiency and profitability. Profitability variations among service lines are largely driven by differences in project complexity, cost control, and employee utilization. By adopting digital transformation, enhancing resource optimization, and aligning strategies with market demand, SIDVI Core Tech can achieve balanced profitability and sustainable business growth across all divisions.

8. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.

9. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

10. PLAGIARISM POLICY

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