

A Study on Project Costing and Profitability Analysis at Vrutha 360, Bengaluru

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Abstract – Project costing and profitability analysis are two core financial tools that organisations use to track how much projects cost and whether they generate adequate returns. This study examines these practices at Vrutha 360, a Bengaluru-based signage firm, to understand cost patterns and their effect on project-level profit. The study analyses twelve completed signage projects, examining material, labour, and overhead costs and how these affect project profitability. Financial records from Vrutha 360 were reviewed to trace cost behaviour and profit trends across project types. The study also considers practical challenges like cost estimation errors, overhead allocation, and weak cost control and how these affect margins. Key findings show that the portfolio achieved a net profit margin of 31.0%, with wall graphics and outdoor signage emerging as the most profitable categories, and raw material costs identified as the primary driver of margin variation across projects.

Key Words: *project costing, profitability analysis, signage industry, cost structure, SME financial management, gross margin, net margin.*

1. INTRODUCTION

In contemporary business environments, organisations increasingly structure their operations around discrete projects, each carrying its own budget, scope, and performance targets. Within such frameworks, cost management is not merely an accounting obligation, but rather a strategic tool that shapes pricing decisions, resource allocation, and ultimately, profitability. Project costing, which involves the systematic identification, recording, and control of costs linked to individual projects, forms the financial foundation on which profitability is assessed. When cost data is unreliable or tracked poorly, the profitability conclusions drawn from it become equally flawed, exposing the organisation to financial risk and misinformed decision-making.

Recent years have shown significant growth of the Indian signage industry, fuelled by the development of retail infrastructure, commercial real estate, and the need for corporate brand visibility. Each customer project entails unique elements in terms of size, material, and structural complexity, and therefore signage companies generally work on a project-by-project basis. Such variability is a major obstacle to estimating and controlling costs. In reality, a large number of small and medium-scale signage companies in India continue relying on informal or vague cost management practices, resulting in cost overruns, undervalued contracts, and limited profitability analysis.

Over five financial years, twelve finished projects were analysed in relation to four categories of signage. This research utilises internal project records as secondary data. The specific objectives are:

- (i) To study project-wise cost data from completed signage projects;
- (ii) To analyse the project-wise financial performance and profitability; and
- (iii) To compare the financial results across different signage categories to assess which types of projects produce the best returns.

2. BODY OF PAPER

2.1 Research Design

The study uses a descriptive research design focused on the systematic recording and analysis of the costs and profitability features of finished signage projects at Vrutha 360. Descriptive research is appropriate here as the goal is to describe current financial trends and not to formulate and test causal hypotheses.

2.2 Data Source and Sample

The study relies solely on secondary data from Vrutha 360's internal project cost records, financial statements, and project documentation. The sample contains twelve completed signage projects for the financial years 2020-21 to 2024-25, covering four signage types: indoor signage (3 projects), hoardings (3 projects), wall graphics (2 projects), and outdoor signage (4 projects), with a total revenue base of ₹80.90 lakhs.

2.3 Analytical Tools and Techniques

The determination of project-level profitability was achieved through three ratio calculations:

1. Gross Profit Margin = $(\text{Gross Profit} \div \text{Total Revenue}) \times 100$
2. Net Profit Margin = $(\text{Net Profit} \div \text{Total Revenue}) \times 100$
3. Direct Cost Ratio = $(\text{Direct Costs} \div \text{Total Revenue}) \times 100$

Cost structure analysis involved breaking each individual cost component (raw materials, printing, fabrication, installation, transport, and overhead) down as a percentage of total project revenue.

2.4 Scope and Limitations

The analysis is limited to a single company with twelve projects and focuses on three main cost elements: material costs, labour costs, and overhead costs. The results pertain only to Vrutha 360 and should not be applied to the wider signage industry. Restriction of access to primary surveys or interviews limits qualitative depth.

2.5 Project-wise Revenue, Cost, and Profit Summary

Table 1 presents the financial information for all twelve projects, including total revenue, direct costs, indirect overhead costs, gross profit, and net profit.

Table 1: Project-wise Revenue, Cost, and Profit Summary

S. No	Project Name	Revenue (₹)	Direct Costs (₹)	Indirect Costs (₹)	Gross Profit (₹)	Net Profit (₹)
1	Sowparnika Reception	₹46,610	₹29,575	₹3,662	₹17,035	₹13,373
2	Sleep Over	₹34,800	₹16,253	₹3,218	₹18,547	₹15,329

3	Reception Clubhouse Directory	₹45,600	₹29,012	₹3,322	₹16,588	₹13,266
4	Guru Punvani	₹1,71,513	₹71,777	₹3,059	₹99,736	₹96,677
5	Mana Skandha	₹1,99,983	₹1,11,267	₹8,678	₹88,716	₹80,038
6	RTX Aerospace	₹7,13,900	₹4,26,487	₹25,275	₹2,87,413	₹2,62,138
7	Mantri A-Hyderabad	₹16,45,000	₹11,23,925	₹69,105	₹5,21,075	₹4,51,970
8	Toya India Wall Graphics	₹3,57,436	₹1,91,077	₹29,810	₹1,66,359	₹1,36,549
9	Sowparnika Wall Graphics	₹3,05,667	₹1,46,902	₹19,855	₹1,58,765	₹1,38,910
10	MVJ Hospital	₹37,40,000	₹23,21,500	₹3,45,200	₹14,18,500	₹10,73,300
11	Circular Pillar	₹2,29,737	₹1,41,531	₹7,900	₹88,205	₹80,305
12	Brigade Tech Garden	₹5,99,760	₹4,14,600	₹37,223	₹1,85,160	₹1,47,937
Total	All Projects	₹80,90,005	₹50,23,907	₹5,56,308	₹30,66,099	₹25,09,791

Source: Internal project cost records, Vrutha 360

Table 1 displays the significant disparity in project sizes. The smallest project was the Sleep Over Reception Area (₹34,800), while the MVJ Hospital project generated the

highest revenue at ₹37,40,000. Total revenue across all twelve projects was ₹80,90,005, with direct costs of ₹50,23,907, indirect costs of ₹5,56,308, and total net profit of ₹25,09,791.

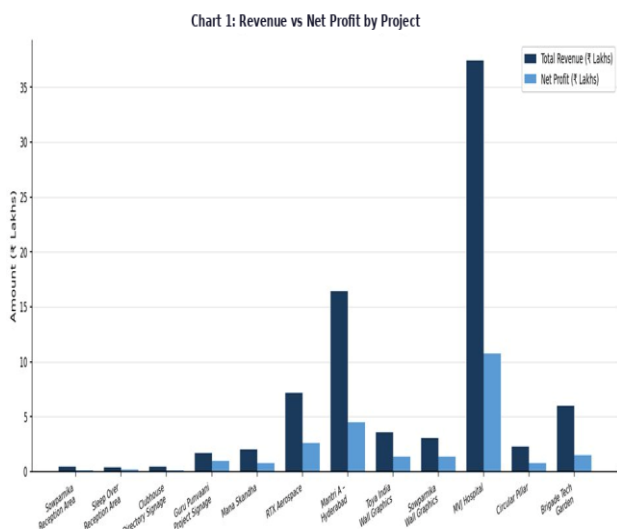


Fig. 1: Project-wise Revenue, Cost, and Profit

The financial differences of the twelve projects of Vrutha 360 are illustrated in Figure 1, and are also represented in Table 1. Regarding net profit, MVJ Hospital stands out as the most profitable with a net revenue of 10,73,300 and total revenue of 37,40,000. Conversely, the Sleep Over Reception Area (₹34,800 revenue) and the Sowparnika Reception Area (₹46,610 revenue) are examples of smaller projects that demonstrate significantly less financial performance. The financial differences of the twelve projects of Vrutha 360 are illustrated in Figure 1, and are also represented in Table 1. offering an instant visual indicator to projects with better or worse cost efficiencies.

2.6 Profitability Ratio Analysis

Table 2 presents the gross profit margin, net profit margin, and direct cost ratio of each of the twelve projects. These ratios enable a consistent evaluation of financial performance across projects regardless of size differences.

S.No	Project Name	Gross Margin %	Net Margin %	Direct Cost Ratio %
1	Sowparnika Recep.	36.5%	28.7%	63.5%
2	Sleep Over Recep.	53.3%	44.0%	46.7%
3	Clubhouse Directory	36.4%	29.1%	63.6%
4	Guru Punvaani	58.2%	56.4%	41.8%
5	Mana Skandha	44.4%	40.0%	55.6%
6	RTX Aerospace	40.3%	36.7%	59.7%
7	Mantri A Hyderabad	31.7%	27.5%	68.3%
8	Toya India	46.5%	38.2%	53.5%
9	Sowparnika	51.9%	45.4%	48.1%
10	MVJ Hospital	37.9%	28.7%	62.1%
11	Circular Pillar	38.4%	35.0%	61.6%
12	Brigade Tech Garden	30.9%	24.7%	69.1%
Avg	All Projects	37.9%	31.0%	62.1%

Source: Computed from internal project data, Vrutha 360

The portfolio achieved a gross margin of 37.9% and a net margin of 31.0%. Guru Punvaani had the best performance with a gross margin of 58.2% and net margin of 56.4%. At the low end, Brigade Tech Garden recorded the lowest net margin of 24.7% with the highest direct cost ratio of 69.1%.

Table 2: Project-wise Profitability Ratios

Chart 2: Project-wise Profitability Ratios – Vrutha 360

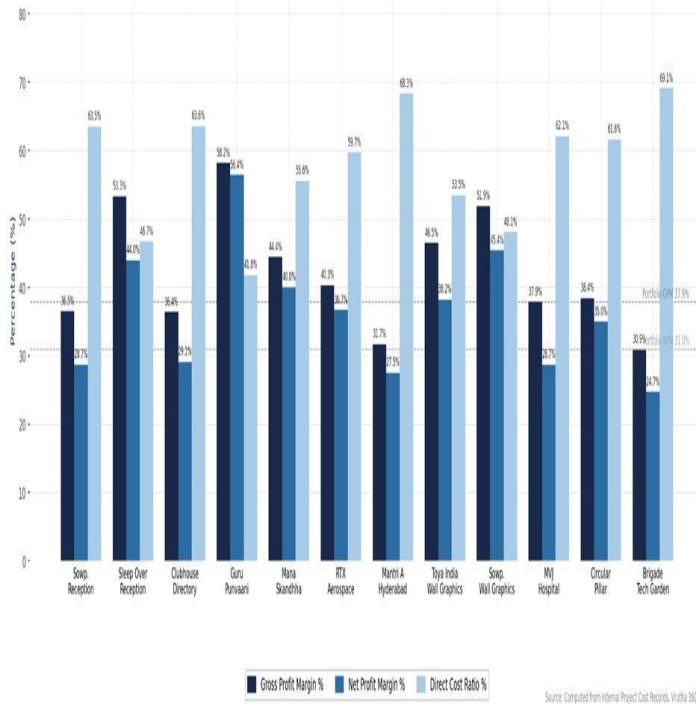


Fig. 2: Project-wise Profitability Ratios

Figure 2, based on Table 2, presents an important visualisation of the profitability ratios of the twelve projects. The figure would highlight the Guru Punvaani Project, which has the highest net margin of 56.4% revenue and profitability. Other good performance examples, such as the Sleep Over Reception Area (44.0% net margin) and Sowparnika Wall Graphics (45.4% net margin), would also clearly show that they surpass the average of the portfolios. On the contrary, projects like Brigade Tech Garden (24.7% net margin) and Mantri A – Hyderabad (27.5% net margin) would seem to be at the lower end, indicating areas that may require a re-evaluation of cost management or pricing strategy.

2.7 Cross-Category Profitability Comparison

Table 3 aggregates profitability data at the category level, enabling a direct comparison of financial performance across the four signage types.

Table 3: Cross-Category Profitability Comparison

Category	No. of Projects	Total Revenue (₹)	Avg Gross Margin %	Avg Net Margin %	Total Net Profit (₹)
Indoor Signage	3	₹1,27,010	42.1 %	33.9 %	₹41,968
Outdoor Signage	4	₹27,30,396	43.6 %	40.1 %	₹8,90,823
Wall Graphics	2	₹6,63,102	49.2 %	41.8 %	₹2,75,458
Hoardings	3	₹45,69,497	35.7 %	29.5 %	₹13,01,542

Source: Computed from internal project data, Vrutha 360

Wall graphics showed the highest profitability with an average net margin of 41.8%, driven by comparative ease of fabrication. Outdoor signage achieved 40.1%, though disproportionately influenced by Guru Punvaani's outlier performance (56.4%). Despite the highest absolute net profit (₹13,01,542), hoardings had the lowest average net margin at 29.5%, illustrating a scale effect within this category.

Chart 3: Cross-Category Profitability Comparison – Vrutha 360

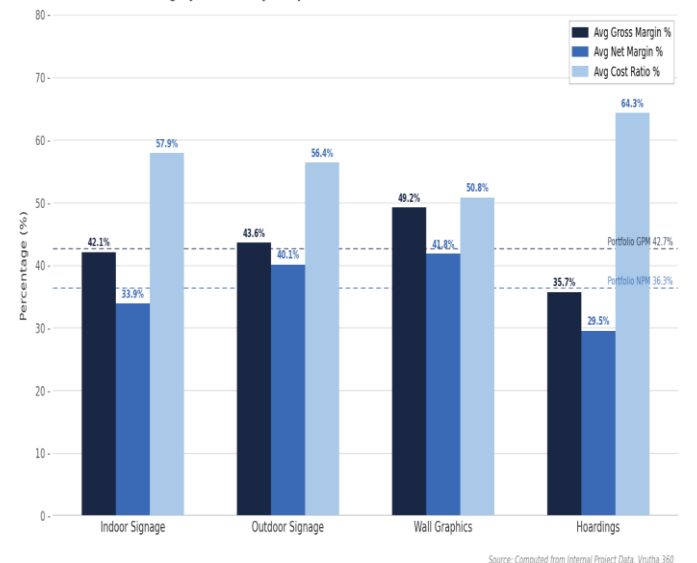


Fig. 3: Cross-Category Profitability Comparison

Based on the combined data found in Table 3, Figure 3 presents the profitability comparison among various types of signage. This visualisation clearly indicates that

the most profitable categories are Wall Graphics and Outdoor Signage, with average net margins of 41.8% and 40.1%, respectively. This implies that these categories typically provide better returns for Vrutha 360. Even though Hoardings may display a high total net profit in absolute numbers (₹13,01,542), its lowest average net margin would ironically highlight the 'scale effect' referred to in the text. The figure would also show that both Indoor Signage (33.9% average net margin) and Hoardings (29.5% average net margin) are below the portfolio average. focusing on and prioritising higher-margin categories such as Wall Graphics and Outdoor Signage.

2.8 Cost Structure Analysis

Project Name	Raw Material %	Printing %	Fabrication %	Installation %	Transport %	Overhead %
Sowparnika Reception Area	41.8%	5.7%	4.2%	5.4%	2.1%	7.9%
Sleep Over Reception Area	27%	-	5.1%	8.7%	2.6%	9.2%
Clubhouse Directory Signage	46.9%	-	4.7%	6.0%	4.0%	7.3%
Guru Punvani Project Signage	30%	-	4.5%	2.1%	0.7%	1.8%
Mana Skandha	37%	-	7.4%	4.0%	1.7%	4.3%

RTX Aerospace	30%	5.0%	7.0%	6.0%	0.8%	3.5%
Mantri A – Hyderabad	30%	15.0%	10.0%	5.0%	1.8%	4.2%
Toya India Wall Graphics	34.7%	8.7%	-	8.7%	1.4%	8.3%
Sowparnika Wall Graphics	26%	13.0%	2.1%	5.0%	2.0%	6.5%
MVJ Hospital	34.7%	8.7%	6.9%	6.9%	1.3%	9.2%
Circular Pillar	34.7%	17.3%	-	8.7%	0.9%	3.4%
Brigade Tech Garden	30.4%	4.3%	17.4%	4.3%	0.6%	6.2%

For all projects, raw materials have always been the highest cost factor, making up between 34% and 35% of total revenue. The ratio of raw materials for individual projects ranged from 26.0% (Sowparnika Wall Graphics) to 46.9% (Clubhouse Directory Signage), confirming that procurement efficiency is the most important factor affecting margins. Fabrication costs were between 2.1% and 17.4% of revenue, with Brigade Tech Garden (17.4%) and Mantri A – Hyderabad (10.0%) being the highest. Indirect overhead costs of 1.8% to 9.2% of revenue particularly harm small projects due to the fixed nature of these costs being distributed across varying revenue bases.

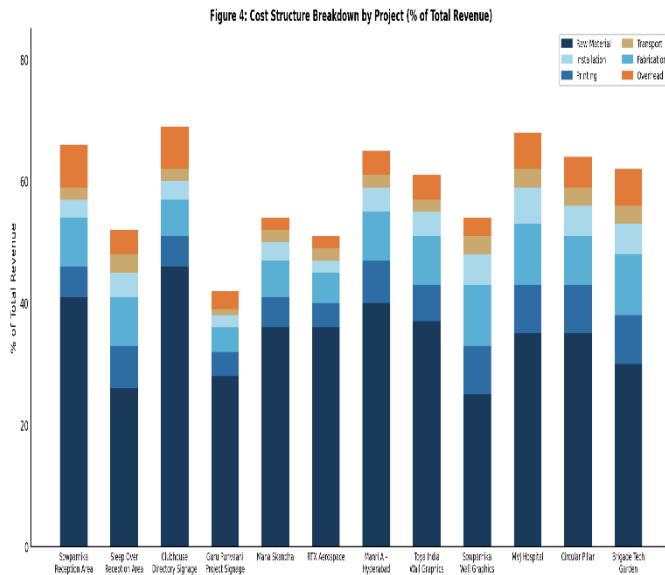


Fig.4: Cost Structure Analysis

3. CONCLUSIONS

This research analysed project costing and profitability features of Vrutha 360 across twelve completed projects. The results show that the company has sustained a consistent level of financial performance, with a portfolio net margin of 31.0%. Despite this, the analysis reveals structural disparities wall graphics and outdoor signage enjoy greater margins than hoardings and indoor signage, and raw material expenditure remains the most significant factor influencing profitability at the project level. For Vrutha 360, improving financial performance means managing costs on a project-by-project basis, starting with better procurement, prudent overhead management, and a planned reorientation towards project types with higher margins.

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