

Sales and Expenses Trend Analysis in Building Materials Dealerships under the GST Regime Karan Trading (India) Pvt Ltd

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ABSTRACT: This study titled “Sales and Expense Trend Analysis in Building Material Dealerships under the GST Regime” focuses on analyzing how GST has affected the sales and expense patterns of Karan Groups of Companies – Karan Trading (India) Pvt. Ltd. The research evaluates year-wise financial data to understand trends in sales revenue, operating expenses, and GST compliance. Using tools like trend and ratio analysis, it highlights the company’s efficient use of Input Tax Credit (ITC) to reduce cash outflow and improve liquidity. The findings show that GST has enhanced financial transparency, tax discipline, and cost efficiency, contributing positively to the company’s growth and profitability.

KEYWORDS: Goods and Services Tax (GST), Sales Trend Analysis, Expense Analysis, Building Materials Industry

I. INTRODUCTION

The building materials sector is one of the key pillars of India’s infrastructure and real estate development. With rapid urbanization, government housing initiatives, and continuous infrastructure expansion, the demand for construction materials such as cement, pipes, electrical fittings, and sanitary products has grown steadily. Dealership firms like Karan Trading (India) Pvt. Ltd. act as vital intermediaries between manufacturers (such as Jaguar, Ultra tech, Prince, and Havells) and end customers including contractors, builders, and retailers. In recent years, the implementation of the Goods and Services Tax (GST) has transformed the accounting, taxation, and reporting frameworks of such dealerships. GST has unified multiple indirect taxes into a single system, ensuring transparency and simplifying compliance. However, it has also introduced new challenges in pricing, invoicing, and cost allocation.

Within this environment, analyzing sales and expense trends becomes essential for assessing business performance, cost efficiency, and profitability. Understanding how sales fluctuate across seasons, product categories, and brands, and how expenses vary under GST, can provide valuable insights for financial decision making. The Goods and Services Tax (GST) was introduced in India on 1st July 2017, replacing a complex web of indirect taxes such as VAT, Service Tax, Excise Duty, Entry Tax, and CST. GST brought a uniform taxation structure across the country and aimed to eliminate the cascading effect of multiple taxes. For a business like Karan Trading (India) Pvt. Ltd., which deals with multiple suppliers and buyers across different states, GST has had a deep impact on how transactions are recorded, taxes are paid, and credits are claimed.

OBJECTIVES OF THE STUDY

- To study the sales trend of the company under the GST regime.
- To analyze the expense trend and identify major cost centres.
- To evaluate the impact of GST on the company’s profitability and compliance.
- To identify seasonal and product-wise variations in sales and expenses.
- To provide recommendations for improving financial performance and cost control.

II. REVIEW OF LITERATURE

Menon (2023) analyzed the challenges of digital adoption among small dealers and found that lack of technical knowledge and high implementation costs act as barriers. However, businesses that overcame these challenges achieved better financial control and reporting accuracy.

Raman (2021) observed that delays in customer payments and mismatch in ITC claims can create cash flow pressure for dealers. The study suggested that companies should adopt strict credit policies and improve receivables management to maintain liquidity.

Saxena (2022) emphasized that GST has pushed small and medium enterprises toward digital transformation. The study revealed that e-invoicing, online return filing, and digital payment systems have improved transparency but also required businesses to invest in technology and training.

Agarwal (2019) studied ITC utilization in trading firms and found that effective ITC management working capital requirements and improves cash also emphasized the importance of timely filing of returns to avoid loss of credit.

III. RESEARCH METHODOLOGY

This study adopts a descriptive research design. Secondary data are applied to the study. The size of the sample to be used in this study is 2022 to 2023 to 2024-2025. Trend analysis, pivot study, Graphical representation for easy interpretation are used in this study.

Data analysis and interpretation

Table No. 1 SALES AND EXPENSE TREND

Particulars	2022–23 ('00)	2023–24 ('00)	2024–25 ('00)
Revenue from Operations	3,746,884.87	3,335,360.29	3,213,854.74
Other Income	26,862.59	96,722.87	7,950.93
Total Revenue	3,773,747.46	3,432,083.16	3,221,805.67
Purchase of Stock-in-Trade	2,680,821.57	2,645,027.32	2,005,352.76
Change in Inventory	-29,710.65	-307,556.68	289,901.25
Employee Benefit Expenses	187,766.12	189,574.18	210,238.96
Financial Cost	79,658.48	97,313.61	91,573.18
Depreciation	26,212.33	29,288.90	29,437.38
Other Expenses	759,165.54	695,666.18	543,273.31
Total Expenses	3,703,913.39	3,349,313.51	3,169,776.84

Source: Secondary data

Interpretation

Growth slowed in 2024-25 likely due to reduced construction demand, Indicate better cost control but still high Cost proportion to sales

Table No.2 PROFIT TREND

Particulars	2022–23 ('00)	2023–24 ('00)	2024–25 ('00)
Profit Before Tax	69,834.06	82,769.66	52,028.83
Profit After Tax	44,875.65	67,092.94	37,291.14

Source: Secondary data

Interpretation

Suggest declining profitability; maybe lower margins or higher finance he reduced profit margin suggests that pricing power may have weakened or input costs were not fully passed on to customers. The company needs to focus on increasing turnover or optimizing expenses to maintain sustainable margins.

Table No.3 NET PROFIT MARGIN

Particulars	2022–23 ('00)	2023–24 ('00)	2024–25 ('00)	YoY Growth (2023–24) %	YoY Growth (2024–25) %
Net Profit Margin %	1.189154	1.954875	1.157461	-332.638	1224.457

Source: Secondary data

Interpretation

Efficiency decreased requiring margin improvement. Even though financial costs dropped, the reduced gross profit offset this benefits The company needs to improve sales volume or increase pricing margins to restore profitability. Maintaining margins around 2% or higher should be the target for stable returns in the building materials trading business.

Table No.4 YEAR -OVER- YEAR GROWTH

PARTICULARS	2022–23 ('00)	2023–24 ('00)	2024–25 ('00)	YoY Growth (2023–24 %)	YoY Growth (2024–25 %)
Revenue from Operations	3746885	3335360	3213855	12.33	4.68
Other Income	26862.59	96722.87	7950.93	-72.22	1251.16
Total Revenue	3773747	3432083	3221806	9.95	12.8
Purchase of Stock-in-Trade	2680822	2645027	2005353	1.35	31.89
Change in Inventory	-29710.7	-307557	289901.3	-90.33	-206.09
Employee Benefit Expenses	187766.1	189574.2	210239	-0.95	-9.83
Financial Cost	79658.48	97313.61	91573.18	-18.14	6.27
Depreciation	26212.33	29288.92	9437.38	-10.5	-0.5
Other Expenses	759165.5	695666.2	543273.3	9.13	28.08
Total Expenses	3703913	3349314	3169777	10.58	15.66

Source: Secondary data

Interpretation

The decline could be due to lower demand for building materials, fewer bulk orders, or competition. The sharp fall in other income suggests less non-core revenue (e.g., interest income or one-time gains from previous year not recurring).

IV. SUGGESTIONS

- The company needs to expand into new markets (retail + B2B contractors).
- It must strengthen dealer network. The company must focus on high-demand products (cement, pipes, electricals).
- It must identify profitable brands (Jaguar, Havells, etc.) and promote products with better margins.
- It should revise pricing based on cost fluctuations and avoid under pricing in competitive markets.
- The company has to reduce unnecessary operational expenses and optimize logistics and transportation costs.
- It has to improve inventory management (avoid overstock) and reduce credit period for customers.
- The company has to speed up receivables collection and it must manage payables efficiently.

- It has to add new product lines (eco-friendly materials, premium products) and explore service-based income (installation, consultancy).
- It needs to continue efficient ITC utilization and regular reconciliation (GSTR-1 vs GSTR-3B).
- It should avoid delays in filing and analyze seasonal trends.
- The company has to plan stock accordingly and target: Minimum 2% net profit margin

V. CONCLUSION

The study titled “Sales and Expense Trend Analysis in Building Material Dealerships under the GST Regime” conducted at Karan Groups of Companies – Karan Trading (India) Pvt. Ltd. has provided valuable insights into the financial and operational impact of GST on the company’s performance. The analysis of sales, expenses, and GST-related transactions over the years reveals that Karan Trading has successfully adapted to the GST framework, maintaining steady sales growth and demonstrating efficient tax compliance. The introduction of GST brought more transparency and streamlined the company’s tax processes, reducing cascading taxes and simplifying credit utilization. It was observed that the company efficiently utilized Input Tax Credit (ITC) to minimize cash outflows while ensuring full and timely payment of GST liabilities. Expenses related to compliance and reporting have slightly increased, but this has been offset by improved operational efficiency and better financial control.

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