

# AN ANALYTICAL STUDY ON SALES POSITION OF SELECTED IRON AND STEEL COMPANIES IN INDIA

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## Abstract

*Sales is an essential yardstick of any business as it generate revenue which is necessary for a business to grow and stay in functioning. Sales plays the same role in the business as the role of blood in the human body.*

*An analytical study on sales position is vital for business as it provides valuable insights into customer behaviour, market trends, transforming sales data into actionable perception that help boost profitability, enhance customer satisfaction, improve sales strategies, and ultimately achieve measurable sales results too.*

**Keywords :** Sales, Sales analysis, SAIL, Tata Steel, Sales performance, Profitability, Customer behaviour, Operational efficiency etc.

## 1. MEANING AND CONCEPT OF SALES ANALYSIS :

Sales analysis is the process of evaluating sales data to understand sales performance and make better decisions. It involves looking at past sales metrics and trends to identify what's working and what could be improved.

Sales analysis data provides insights into product demand trends, seasonality and lead times. By using this data, can optimise inventory levels, reduce carrying costs, minimize the risk of overstocking or understocking, and improve cash flow.

Sales analysis is used to determine inventory levels, sales force effectiveness, production capacity, and progress towards goals. It provides insights into market trends, customer behaviour, opportunities, and company performance against forecasts.

## 2. OBJECTIVES OF THE STUDY :

- \* Identifying market trends.
- \* Optimizing product mix.
- \* Analyzing customer behaviour.
- \* Evaluating pricing strategies.
- \* Observing sales performance across different segments.
- \* Identifying possible growth areas.
- \* Taking corrective actions to maximize sales revenue while maintaining profitability.
- \* Evaluating the effectiveness of different sales channels. (direct sales, distributors, online platforms etc.)

### 3. METHODOLOGY :

The primary purpose of present study has been to obtain a deep insight and full familiarity with the sales performance of the companies of steel industry in India. India is among the top producers of all forms of steel in the world. The present study is based on the secondary data i.e. money control.com, annual reports of the companies, books, journals, subject related websites research documents etc. A five yearly period commencing from 2019-20 to 2023-24 has been taken. Steel authority of India Ltd. (SAIL) in public sector and Tata Steel in private sector have been selected for the purpose of the study.

With the help of the data comprised in the financial statements Sales analysis tables have been prepared. Various techniques of financial statement analysis were applied and conclusions have been drawn after interpreting the analysed data. In support of the findings and conclusion statistical techniques have also been used. Hypothesis has been tested by using chi-square ( $\chi^2$ ) test.

With the help of conclusions drawn, suitable, significant and useful suggestions have been made to improve the sales performance of the companies.

### 4. IMPORTANCE OF THE STUDY :

A sales analysis is essential for business as it provides critical insights into sales performance, allowing them to identify areas for improvement, understand customer behaviour, optimize market strategies, forecast future sales and ultimately, maximize revenue by making informed decisions based on data-driven insights; making it a valuable tool for any company looking to enhance its sales strategy.

### 5. SALES ANALYSIS OF SAIL AND TATA STEEL :

The study of sales trend can be done by analysing sales in quantity and sales in value. Table-1 shows the sales in quantity in SAIL & Tata Steel during the period covered by this study.

**Table-1**  
**Sales and Indices of Sales in SAIL and TATA STEEL (2019-20 to 2023-24)**

**(in Million Tonnes)**

| Year           | SAIL          |                            | Tata Steel    |                            |
|----------------|---------------|----------------------------|---------------|----------------------------|
|                | SALES         | Indices<br>(2019-20 = 100) | SALES         | Indices<br>(2019-20 = 100) |
| 2019-20        | 14.23         | 100.000                    | 12.32         | 100.000                    |
| 2020-21        | 14.94         | 104.989                    | 16.66         | 135.227                    |
| 2021-22        | 16.15         | 113.492                    | 17.62         | 143.019                    |
| 2022-23        | 16.21         | 113.914                    | 18.21         | 147.808                    |
| 2023-24        | 17.01         | 119.536                    | 19.90         | 161.525                    |
| <b>Total</b>   | <b>78.54</b>  |                            | <b>84.71</b>  |                            |
| <b>Average</b> | <b>15.708</b> |                            | <b>16.942</b> |                            |

Source : <https://www.sail.co.in>sail-news>  
<https://www.statista.com>statistics from 2019-20 to 2023-24>

**Sales of Iron and Steel Industry in India (2019-20 to 2023-24)**

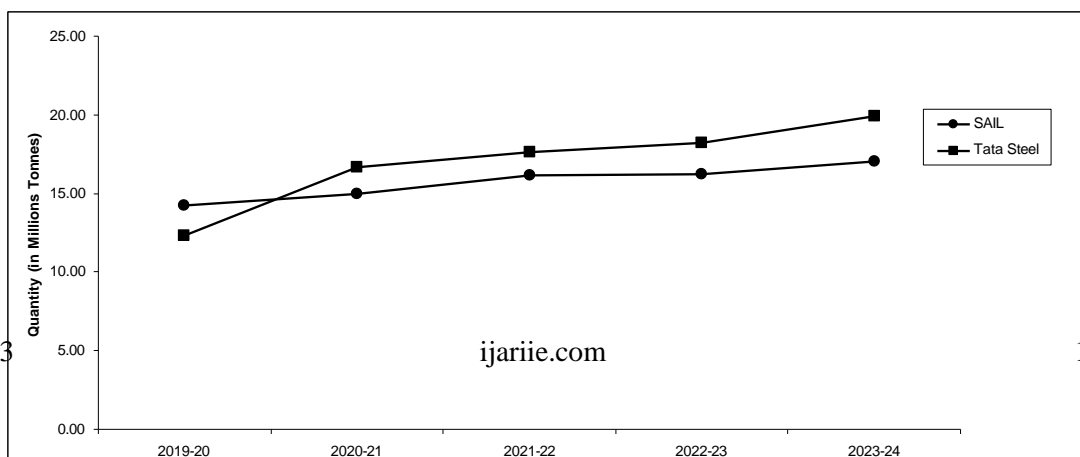


Table-1 reveals that sales in quantity in SAIL marked an increasing trend throughout the period of study. It was 14.23 million ton in 2019-20 which increased to 14.94 million ton in 2020-21, 16.15 million ton in 2021-22. Again it increased to 16.21 million ton in 2022-23. Finally it reached the highest level 17.01 million ton in 2023-24. The average sales was 15.708 million ton which was not so good.

The index number was 100.00 in 2019-20 being the basic year which increased to 104.989 in 2020-21, 113.492 in 2021-22, again increased to 113.914 in 2022-23. Finally it reached the highest level 119.536 in 2023-24. It shows that within a period of five years the sales in quantity increased by 19.536 percent which means the annual growth rate 3.907 percent. This rate of growth is definitely note satisfactory.

In TATA STEEL, Sales in terms of quantity also marked an increasing trend during the period of study. It was 12.32 million ton in 2019-20 which increased to 16.66 million ton in 2020-21, 17.62 million ton in 2021-22, 18.21 million ton in 2022-23. At last it reached to 19.90 million ton in 2023-24. The average sales was 16.942 million ton which was good.

Sales indices in 2019-20 which was basic year was 100.00. It increased to 135.227 in 2020-21, 143.019 in 2021-22, 147.808 in 2022-23. Finally it reached to 161.525 in 2023-24. It shows that there was 61.525 percent growth in the quantity of sales within period of five years. The annual growth rate during the study period was 12.305 percent which was higher 3.907 percent in the SAIL. It can be considered to be satisfactory.

In a company, having different product mix, the quantity sold cannot give an idea of sales performance. The sales in value are more pertinent for study of the growth of sales.

Table-2 Shows the Sales in value in SAIL and TATA STEEL during the period of study

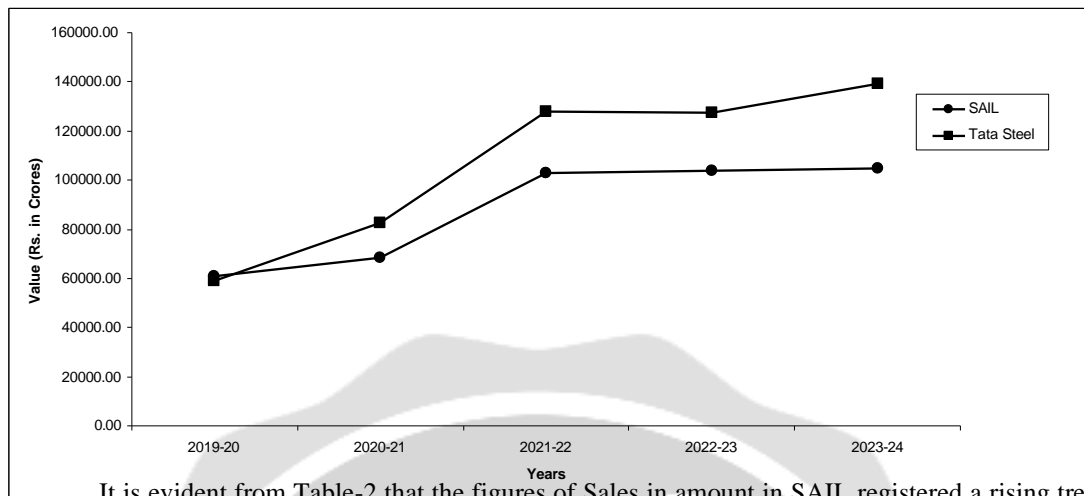
**Table-2**  
**Sales and Indices of Sales in SAIL & TATA STEEL (2019-20 to 2023-24)**

(Rs. in Crores)

| Year           | SAIL             |                            | Tata Steel       |                            |
|----------------|------------------|----------------------------|------------------|----------------------------|
|                | Sales            | Indices<br>(2019-20 = 100) | Sales            | Indices<br>(2019-20 = 100) |
| 2019-20        | 61047.77         | 100.000                    | 58815.57         | 100.000                    |
| 2020-21        | 68472.91         | 112.163                    | 82828.16         | 140.826                    |
| 2021-22        | 102829.51        | 168.441                    | 127681.40        | 217.087                    |
| 2022-23        | 103787.76        | 170.010                    | 127466.52        | 216.722                    |
| 2023-24        | 104565.02        | 171.283                    | 139197.60        | 236.667                    |
| <b>Total</b>   | <b>440702.97</b> |                            | <b>535989.25</b> |                            |
| <b>Average</b> | <b>88140.594</b> |                            | <b>107197.85</b> |                            |

Source : <https://www.moneycontrol.com>>Sai  
<https://www.moneycontrol.com>>tis from  
2019-20 to 2023-24

### Sales of Iron and Steel Industry in India (2019-20 to 2023-24)



It is evident from Table-2 that the figures of Sales in amount in SAIL registered a rising trend throughout the period of study. In 2019-20 the amount of Sales was Rs. 61047.77 crore which increased to Rs. 104565.02 crores in 2023-24. The increase was 1.712 times in a span of five years.

In 2020-21 the indices of Sales increased to 112.163 due to Indian economy recovered sharply after the Covid-19 lockdown due to government financial stimulus; demand across sectors increased sharply after the lockdown; the government increased spending on infrastructure; focus on scaling up market-driven product etc.

In 2021-22 the indices increased to 168.441 due to increase demand, improved production, stranger collaboration, improved operation efficiency, new distributor system etc.

In 2022-23 the indices increased to 170.010 due to improved capacity utilization, optimized resource utilization increased sales of special quality steel from the new wire Rodmill of IISCO steel plant, growth in branded products, launch of online portal etc.

In 2023-24 the indices increased to 171.283 due to strategic alignment with rising steel market demand, enhance production capacity, focusing on adding higher value added products, improved operational efficiency etc.

Tata Steel also registered a rising trend during the period of study from 2019- 20 to 2023-24 except 2022-23. The sales amounted to Rs. 58815.57 crores in 2019-20, which increased to Rs. 82828.16 crores in 2020-21, Rs. 127681.40 crores in 2021- 22 but decreased to Rs. 127466.52 crores in 2022-23. Finally it increased to Rs. 139197.60 crores in 2023-24. The increase was 2.366 times in a span of five years.

In 2020-21 sales indices increased to 140.826 due to improved domestic demand, higher exports, better than expected post lockdown recovery globally, increased demand in China and Turkey.

In 2021-22 Sales indices increased to 217.087 due to increased demand for steel in India, increased steel prices significantly, which contributed to the increase in turnover, improved customer relationships, digital initiatives, strong focus on value- added products, investment in infrastructure to reduce costs and improve revenues. Investment in technologies to reduces emissions and drive resource efficiency.

In 2022-23 sales indices decreased to 216.722 due to lower market prices of steel, increased competition, higher cost structure, raw material prices were volatile, the Russia-Ukraine war, a 15% duty levied by the government of India on major steel products, slowing global demand etc.

In 2023-24 sales indices increased to 236.667 due to robust domestic demand driven by India's infrastructure development projects, a focus on high value product mix, capacity expansion at their kalingangar plant, and increased demand from sectors like automotive and retail, initiative and government support for the steel industry.

The actual sales and the linear least square trend values of sales of SAIL have been shown in table-3.

**Table-3**  
**Actual Sales and Trend Values of Sales of SAIL (2019-20 to 2023-24)**

| (Rs. in Crores) |              |                    |             |
|-----------------|--------------|--------------------|-------------|
| Year            | Actual Sales | Y*<br>Trend Values | Differences |
| 2019-20         | 61047.77     | 63670.724          | - 2622.954  |
| 2020-21         | 68472.91     | 75905.659          | - 7432.749  |
| 2021-22         | 102829.51    | 88140.594          | + 14688.916 |
| 2022-23         | 103787.76    | 100375.529         | + 3412.231  |
| 2023-24         | 104565.02    | 112610.464         | - 8045.444  |

$Y^* = 88140.59 + 12234.935 X$  (Origin of X : 2021-22, X in units of years and Y in crores of rupees of Sales. This equation is based on the sales data for the period from 2019-20 to 2023-24)

Table-3 reveals that the yearly increase in sales of SAIL comes to Rs. 12234.935. The trend values differed materially from the actual sales through the period of study. In 2021-22 and 2022-23 the original sales values were higher than the trend values.

To test the difference between actual sales and estimated sales were significant or not  $x^2$  test has been applies. The calculated value of  $x^2$  in SAIL comes to 3974.632 which is very high as compared to the table value of  $x^2$  at 5 percent level of significance for  $V = 4$  which is 9.488. Therefore the difference between actual sales and the trend values of sales among different years were significant.

The actual sales and the linear trend values of sales of Tata Steel for the period from 2019-20 to 2023-24 can be seen from table-4.

**Table-4**  
**Actual Sales and Trend Values of Sales of Tata Steel (2019-20 to 2023-24)**

| (Rs. in Crores) |              |                    |             |
|-----------------|--------------|--------------------|-------------|
| Year            | Actual Sales | Y* Trend<br>Values | Differences |
| 2019-20         | 58815.57     | 66117.366          | - 7301.796  |
| 2020-21         | 82828.16     | 86657.608          | - 3829.448  |
| 2021-22         | 127681.40    | 107197.85          | + 20483.55  |
| 2022-23         | 127466.52    | 127738.092         | - 271.572   |
| 2023-24         | 139197.60    | 148278.334         | - 9080.734  |

$Y^* = 107197.85 + 20540.242 X$  (Origin of X : 2021-22, X in units of years and Y in crores of rupees of Sales. This equation is based on the sales data for the period from 2019-20 to 2023-24)

Table-4 indicates that the yearly increase in the growth of sales comes to Rs. 20540.242. It is also evident from the table that there were material and meaningful differences in the actual sales and the trend values of sales through the period of study except in the year 2022-23 when the difference was meagre. In 2019-20, 2020-21, 2023-24 the trend values were considerably higher than the actual sales figures. In 2021-22 actual sales was higher than the trend values.

The calculated value of  $x^2$  in Tata Steel comes to 5446.335 which is higher than the table value

of  $x^2$  at 5 percent level of significance for  $V=4$  which is 9.488. This shows that the difference between actual sales and the trend values of sales among different years are important and hypothesis taken is not correct.

## 6. CONCLUSION AND SUGGESTIONS :

Sales analysis is a critical tool for businesses of all sizes to make informed decisions and improve their sales process. It helps to measure and manage organisation's sales performance.

Tables of Sales and indices of Sales of SAIL & TATA STEEL are prepared to enlighten the end result and comparison of business firms.

It is evident from analyzing sales and indices of sales –

- (i) Average Sales (in terms of quantity) is higher in Tata steel than SAIL. Like this average sales (in terms of value) is higher in Tata Steel than SAIL.
- (ii) Sales indices (in terms of value) reached in Tata steel 236.667 while in SAIL 171.283. It shows that in five years sales of Tata steel increase 136.667 percent while in SAIL increase 71.283 percent.

Yearly growth in Tata steel was 12.305 percent while in SAIL was 3.907 percent. Sales increased in Tata steel during five years 2.366 times while in SAIL 1.712 times.

It can be concluded that Tata Steel performed better than SAIL.

Therefore it is suggested to increase Sales, SAIL should focus on strategies like deepening customer understanding, optimizing product offerings based on market demands, enhancing digital marketing, improving customer service, implementing a strong loyalty program, exploring new market segments and investing in research and development to create innovative steel products; while also focusing on optimizing production efficiency and cost management to remain competitive in the market.

Overall both the companies should use advance technology to reduce overheads and other costs, better utilization of resources and manpower in increase sales and profitability.

## 7. FUTURE SCOPE OF SALES ANALYSIS :

The future scope of sales analysis is greatly boosted by artificial intelligence (AI), where predictive analytics, real time data, insights customer segmentation, and sentiment analysis will play a major role in providing deeper customer understanding and enabling highly targeted sales strategies, allowing businesses to make quicker, more informed decisions based on complex data sets.

## 8. LIMITATION OF THE STUDY :

- \* The evaluation of this study is based on secondary data only so its findings are depended only upon the accuracy of such data.
- \* The study is carried out for limited number of steel companies, so it is difficult to draw conclusion from selected steel companies.
- \* The study is carried out for a period of five years to derive conclusions about the performance of the steel companies as a whole but this number of years is not enough for a through understanding of business movements and their reactions to the changes of the economy.

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