

Course Code: ACCM506	Course Title: Financial Reporting Statements and Analysis – I
Course Instructor: Dr. Lalit Bhalla, Dr.Sachin	
Academic Task No.: 1	Academic Task Title: KCP Ltd (Cement major)
Date of Allotment: Sep. 02, 2022	Date of submission: Sep. 26, 2022
Student's Roll no: RQ2240A14	Student's Reg. no: 12202342
Evaluation Parameters: As per Rubrics	

Learning Outcomes:

Me, as an individual have learnt about

- ✓ I have classified economic events of organizations with respect to recording in financial statements.
- ✓ I have developed appropriate skills required to analyse corporate financial statements.
- ✓ I have examined the firm performance and potential future risks through analysis of reported financial information and interpreted how the accounting standard affects the financial reporting process

Declaration:

I declare that this Assignment is my individual work. I have not copied it from any other student's work or from any other source except where due acknowledgement is made explicitly in the text, nor has any part been written for me by any other person.

Student's Signature: *Nowneesh T*

Evaluator's comments (For Instructor's use only)

Evaluator's Signature and Date:

General Observations	Suggestions for Improvement	Best part of assignment

Marks Obtained: _____

Max. Marks: _____

KCP Ltd (Cement Major)

Comparative Analysis

INTRODUCTION

In the fields of cement, heavy engineering, sugar, and power, KCP has a 79-year history. With manufacturing facilities in Macherla and Muktyala in the state of Andhra Pradesh and a secure supply of high-grade limestone, KCP's Cement has been in the cement business for more than 60 years and has an annual production capacity of 4.3 million tonnes of the best premium grade cement in India.

By providing significant quantities of high-quality cement to numerous large projects like the Nagarjuna Sagar dam, Srisailem dam, Godavari Rail Road bridge, and more recently the Polavaram irrigation project and Sri Kanakadurgamma Flyover project in Vijayawada, KCP's Cement has been primarily targeted towards large national infrastructural development projects. KCP Cement is primarily known as Concrete Cement due to its excellent quality and standards, which make it the most popular brand for building columns, beams, slabs, and other concrete construction applications.

Muktyala Cement Plant:

With an annual capacity of 1.86 million tonnes and an expandable to 3.52 million tonnes, a Greenfield plant established in 2011 is one of India's most cutting-edge, highly automated, economical, and environmentally friendly plants. Built with top-notch technologies from KHD Humboldt, Germany, GEBR Pfeifer, Germany, and FLSmidth, Denmark, leaders in the field of cement plant automation and automated packing.

With the construction of a new line of operation in 2019 and the integration of grinding technology from Loesche, Germany, the plant's capacity was further increased to 3.52 million tonnes per year.

The plant has also been upgraded with captive power generation using Siemens, Germany-made turbines, totaling roughly 20 MW (thermal & solar).

The plant was built with the intention of minimising material transportation and starting full operational automation from the central control room (CCR) without the need for field personnel or feeding apparatus.

Macherla Cement Plant

It was put into operation in 1958 and is among the first dry process kilns in South India, using KHD Humboldt technology. With new technology from Fives Lille, France, and later FLSmidth, Denmark, it was gradually extended and upgraded from its initial annual capacity of 200 tonnes to its present annual capacity of 0.8 million tonnes (Fuller, USA).

On the right canal of the Nagarjuna Sagar Dam, an 8.25 MW Hydel Power Plant was built in 1999, producing clean and sustainable energy. The pre-heater and cooler chimney waste fuel gases were used to create a 2.3 MW waste heat recovery power plant.

With technology from Humboldt, Germany, this factory was India's first dry process kiln, with a 400 TPD setup in 1958. In 1962, a 600 TPD wet process kiln was erected in association with Fives Lille Cail France.

The plant underwent additional modernization in the 1980s with help from The World Bank, incorporating the most recent technological developments, including a five-stage preheater with a flash calciner and vertical grinding mills from Fuller International Inc. and an energy-efficient dry process with two support kilns (now FL Smidth). Later, to help increase productivity, a cutting-edge centralised process system was deployed using FLSmidth Automation, Denmark, hardware and software.

Balance sheet (StandAlone)

PARTICULARS(in Rs. Cr)	2022	2021	2020	ABSOLUTE CHANGE		PERCENTAGE CHANGE	
	12 mths	12 mths	12 mths	2020-2021	2021-2022	2020-2021	2021-2022
EQUITIES AND LIABILITIES							
SHAREHOLDER'S FUNDS							
Equity Share Capital	12.89	12.89	12.89	0	0	0.00	0.00
Total Share Capital	12.89	12.89	12.89	0	0	0.00	0.00
Reserves and Surplus	710.72	606.5	454.11	152.39	104.22	33.56	17.18

Total Reserves and Surplus	710.72	606.5	454.11	152.39	104.22	33.56	17.18
Total Shareholders Funds	723.61	619.39	467	152.39	104.22	32.63	16.83
Government/Other Grants	0.26	0.28	0.3	-0.02	-0.02	-6.67	-7.14
NON-CURRENT LIABILITIES							
Long Term Borrowings	178.89	247.76	269.58	-21.82	-68.87	-8.09	-27.80
Deferred Tax Liabilities [Net]	88.16	70.68	44.86	25.82	17.48	57.56	24.73
Other Long Term Liabilities	17.72	71.22	55.32	15.9	-53.5	28.74	-75.12
Long Term Provisions	13.76	12.92	17.91	-4.99	0.84	-27.86	6.50
Total Non-Current Liabilities	298.52	402.57	387.67	14.9	-104.05	3.84	-25.85
CURRENT LIABILITIES							
Short Term Borrowings	157.42	146.08	237.95	-91.87	11.34	-38.61	7.76
Trade Payables	86.28	91.91	114.28	-22.37	-5.63	-19.57	-6.13
Other Current Liabilities	234.85	128.59	87.85	40.74	106.26	46.37	82.63
Short Term Provisions	7.64	4.58	3.81	0.77	3.06	20.21	66.81
Total Current Liabilities	486.19	371.15	443.89	-72.74	115.04	-16.39	31.00
Total Capital And Liabilities	1508.59	1393.4	1298.86	94.54	115.19	7.28	8.27
ASSETS							
NON-CURRENT ASSETS							
Tangible Assets	858.44	882.56	939.85	-57.29	-24.12	-6.10	-2.73
Intangible Assets	5.38	5.5	5.97	-0.47	-0.12	-7.87	-2.18
Capital Work-In-Progress	4.24	19.59	11.87	7.72	-15.35	65.04	-78.36
Other Assets	0	0.01	0.01	0	-0.01	0.00	-
Fixed Assets	868.06	907.66	957.69	-50.03	-39.6	-5.22	-4.36
Non-Current Investments	28.93	28.91	28.83	0.08	0.02	0.28	0.07
Other Non-Current Assets	50.92	15.57	15.62	-0.05	35.35	-0.32	227.04
Total Non-Current Assets	947.92	952.15	1002.14	-49.99	-4.23	-4.99	-0.44
CURRENT ASSETS							
Inventories	182.29	119.29	151.96	-32.67	63	-21.50	52.81
Trade Receivables	55.49	66.27	43.12	23.15	-10.78	53.69	-16.27
Cash And Cash Equivalents	202.31	180.65	35.45	145.2	21.66	409.59	11.99

OtherCurrentAssets	120.58	75.04	66.2	8.84	45.54	13.35	60.69
Total Current Assets	560.67	441.26	296.72	144.54	119.41	48.71	27.06
Total Assets	1508.59	1393.4	1298.86	94.54	115.19	7.28	8.27

Source Link: [KCP Share Price, KCP Stock Price, KCP Ltd. Stock Price, Share Price, Live BSE/NSE, KCP Ltd. Bids Offers. Buy/Sell KCP Ltd. news & tips, & F&O Quotes, NSE/BSE Forecast News and Live Quotes \(moneycontrol.com\)](#)

Spreadsheet Link: <https://docs.google.com/spreadsheets/d/1rMVRwhcnYwDfL-paDAZUldt6HRMO0e3tFt0vobbsBKw/edit?usp=sharing>

Analysis and Interpretation of all Assets and Liabilities

EQUITIES AND LIABILITIES

SHAREHOLDERS

- ❖ There is no change in the equity share capital for 3 consecutive years. They still remains 12.89.
- ❖ In 2020-2021, Reserves and surplus increased by 21.4% and in same 2021-2022, it increased by 17.1%. The company is maintaining some number of profits for some specific purpose in future.
- ❖ In 2020-2021, Shareholder funds increased by 21% and in same 2021-2022, it increased by 16.8%. The funds of 2021-2022 are little bit low when compared to 2021-2020.
- ❖ Each and every year, KCP is slightly decreasing its percent in govt/other grants. But it won't much affect the liquidity of the company.

NON CURRENT LIABILITIES

- ❖ The company is mainly reducing its **borrowing** compared to the previous year. So the company is trying to strong his liquidity position in each year.
- ❖ As per the direct method, the company's **deferred liabilities** are increasing each financial year. It will no longer be helpful in strengthening the liquidity.
- ❖ The company didn't made any most in **other long liabilities**. So it is ready to strength its position.

- ❖ When compared to the previous year, the **long term provisions** are increased little bit. So the company is focusing on the employees benefits like gratuity, provident funds etc...,
- ❖ Atlast, the company reduced its non current liabilities for the next term benefit. I will help in the strengthening the liquidity of the company. With the comparison of the previous year, the company made a huge changes in the Non current liabilities. So then company maybe trying to low their cost of non current liabilities for the wealth of the company.

CURRENT LIABILITIES

- ❖ The company increased their **short term borrowing** to 7.7% in the financial year 2021-2022. So the company is trying to decrease their non current liabilities with increase in short term liabilities. By 2020-2021, the absolute change was -91.87 and In 2021-2022, the change was 11.34.
- ❖ The **trade payables** are also low as compared to 2020 and 2021 financial year.
 - The absolute change for 2020-2021 was -22.37 and change for 2021-2022 was -5.63.
 - The trade percentage also decreased in current year.
- ❖ The **other current Liabilities** are also increased. From this we have to know that the company is mainly targeting on the current liabilities rather than non current liabilities.
 - The percent change for 2020-2021 was 46.37% and change for 2021-2022 was 82.63%.
- ❖ The **short term provision** was slightly increased when compared to previous year.
 - The absolute change for 2020-2021 was 0.77 and change for 2021-2022 was 3.06.
- ❖ As compared to previous year, there is a huge change in the **total current year liabilities**.
 - The absolute change for 2020-2021 was -72.74.
 - The absolute change for 2021-2022 was 115.04.

The **total capital and liabilities** are increased **0.99%** when compared to the previous financial year.

Mostly the liabilities increased because of current liabilities. This shows that the company is going to do some work in upcoming financial year.

ASSETS

Non current Assets

- ❖ The company is decreasing its **tangible assets** during the 3 consecutive years.
 - The absolute change for 2020-2021 was -57.29.
 - The absolute change for 2021-2022 was -24.12.
- ❖ The company is decreasing its **intangible assets** during the 3 consecutive years.
 - The absolute change for 2020-2021 was -0.47.
 - The absolute change for 2021-2022 was -0.12.
- ❖ The **capital work in progress** is also decreased compared to previous year. So the production also decreased in the 2021 financial year.
 - The percent change for 2020-2021 was 65.04%.
 - The percent change for 2021-2022 was -78.36%.
- ❖ The **fixed assets** also decreasing year by year and **other non current assets** are increasing compared to previous year.

Accordingly the **total non current asset** raised slightly compared to previous year. It means that the company is trying to retain its position back.

Current Assets

- ❖ The company is started to be more active than the previous year because the **inventories** are little more high as compare to previous year.
 - The absolute change for 2020-2021 was -32.67.
 - The absolute change for 2021-2022 was 63.
- ❖ The **trade receivable** are low because now they are started to regain its position and now only they started to improve the company.
- ❖ The **cash and cash equivalents** are low as previous year because now only the company invested in the inventories. So the cash will be low in the company.
- ❖ **Other current assets** are improved to maintain the company's property.
- ❖ But **overall current asset** is low compared to previous year. Because company invested in the production part.

The combination of **total asset** was improved compared to previous year assets.

In this company, maintain its assets and liabilities equally. But compared to previous years, the company changed its strategy to built or recover company after covid situation.

Profit and Loss (Standalone)

PARTICULARS(in Rs. Cr)	2022	2021	2020	ABSOLUTE CHANGE		PERCENTAGE CHANGE	
	12 mths	12 mths	12 mths	2020-2021	2021-2022	2020-2021	2021-2022
INCOME							
Revenue From Operations [Gross]	1581.2	1291.39	932.48	358.91	289.81	38.49	22.44
Less: Excise/Sevice Tax/Other Levies	0	0	0	0	0	-	-
Revenue From Operations [Net]	1581.2	1291.39	932.48	358.91	289.81	38.49	22.44
Other Operating Revenues	3.16	9.69	5.49	4.2	-6.53	76.50	-67.39
Total Operating Revenues	1584.36	1301.07	937.97	363.1	283.29	38.71	21.77
Other Income	64.16	35.92	32.55	3.37	28.24	10.35	78.62
Total Revenue	1648.52	1336.99	970.52	366.47	311.53	37.76	23.30
EXPENSES							
Cost Of Materials Consumed	309.31	499.7	207.58	292.12	-190.39	140.73	-38.10
Operating And Direct Expenses	0	247.86	459.78	-211.92	-247.86	-46.09	-100.00
Changes In Inventories Of FG,WIP And Stock-In Trade	-39.62	40.51	-18.79	59.3	-80.13	-315.59	-197.80
Employee Benefit Expenses	100.21	92.81	80.41	12.4	7.4	15.42	7.97
Finance Costs	31.58	42.42	56.41	-13.99	-10.84	-24.80	-25.55
Depreciation And Amortisation Expenses	65.17	69.42	71.41	-1.99	-4.25	-2.79	-6.12
Other Expenses	999.79	127.53	139.12	-11.59	872.26	-8.33	683.96
Total Expenses	1466.44	1120.24	995.92	124.32	346.2	12.48	30.90

Source: <https://www.moneycontrol.com/financials/kcp/profit-lossVI/KCP>

Spreadsheet Link: <https://docs.google.com/spreadsheets/d/1rMVRwhcnYwDfL-paDAZUldt6HRMO0e3tFt0vobbsBKw/edit?usp=sharing>

Analysis and Interpretation of Profit and Loss (StandAlone)

INCOME

- The **revenue from the operation** is low as compared to previous year. Because the company is mainly entered into production area. We can expect more revenue in upcoming year.
The absolute change for 2020-2021 was 358.91.
The absolute change for 2021-2022 was 289.81.
- The **other operating revenue** is also low. Because now only company invested.
The absolute change for 2020-2021 was 4.2.
The absolute change for 2021-2022 was -6.53.
- Based on the above features decrement the **total operating revenue** value also decrease with the compare of the previous year.
The absolute change for 2020-2021 was 363.1.
The absolute change for 2021-2022 was 283.29.
- The **other income** also decreased as per the profit loss statement. It will make an impact in the company.
The absolute change for 2020-2021 was -32.67.
The absolute change for 2021-2022 was 63.

According to the above value and its feature, **the total income** also decreased slightly in the year of 2021-2022. But the company will increase more revenue in next year.

Based on the above parameters, the company is not well in **sales** as compared to previous years. This may or will be the effect of lockdown situation due to Covid.

EXPENSE

- The **cost of materials consumed** is too low. The rate in between 2020 and 2022 is too high. So the material cost value is too low when compared to previous year.
The value of 2020 is 309.31.
The value of 2021 is 499.7.
The value of 2022 is 207.58.

- The **operating and direct expenses** are low of low. So the company is not spending in more cost in direct and operation.
- The **changes in inventories of FG, WIP and Stock in trade** is too low. So the changes in the inventories is to low with the compare of 2020-2021.
- In 2021-2022, the **employee benefits** are too low. Because previous year, employees may be affect due to covid. So current year, the spending for employee was low as compared.
- The **finance cost** is little bit increase as compared to the previous year. Because current year contain more work as compared to work done by previous year.

The percent change for 2020-2021 was -24.80%.

The percent change for 2021-2022 was -25.55%.

- The **depreciation** is low as compared to previous year. It reduce the value of the asset in all consecutive years. With the help of depreciation, company is able to show low profit in their financial years.
- The **other expenses** value are much increased from previous year. It maybe come from the expenses like equipment charges,etc...,
- With the help of the other expense category, the **total expenses** for the current financial year is increased highly.

The profits before taxes:

The profit value of year 2021 is 216.76cr.

The profit value of year 2022 is 182.08cr.

The profits after taxes:

The profit value of year 2021 is 153.32cr.

The profit value of year 2022 is 129.3cr

Strength of the Company:

1. The company investments are increases in every year. So, we can say that the company have surplus cash with it.
2. The company is maintaining both revenue and expenses correctly.
3. Company does have cash equivalents, or that can be easily converted into cash immediately.
4. Company is trying to convert non current liabilities to current liabilities in current year.

Weakness of the Company:

1. The expenditures are increasing. So, the company need to concentrate on it.
2. Decreasing in tangible and intangible assets in the company
3. The company have to maintain current liabilities correctly otherwise it will make some trouble to the company.

Would you Invest in the company?

I would definitely invest in this company. But not for the short term. I would prefer to do long term investment in the company. The company has shown a average profit growth for the Past years and also in covid situation. The company has shown an average revenue growth for the Past years. Tax rate is high, firstly there is an increase in previous years, which is a good sign for the company. Apart from this they have excellent net profit, net sales and the company increasing revenue year by year which is a good sign. The borrowings and interests are also low which means less financial risk. The payables are decreasing and instead of long term liabilities, the company is making short term liabilities. During the covid situation, the company maintained its profit and loss perfectly. So, its preferable to go for long term investments than going for short term investments. Because shareholders fund is increasing rapidly in the company. So we make both short and long term investments in the company.

Thank you