BDM Assignment - ACC Cement

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Source of Data: <https://www.moneycontrol.com/india/stockpricequote/cement-major/acc/ACC06>

General Statement: *All trends have an impact of Covid-19 in the year 2020*

# Covered Topics

#### **Analyze the revenue trend over the last 5 years (construct a bar chart/line chart).**

#### **Analyze the net profit trend over the last 5 years (construct a bar chart/line chart).**

#### **Compare the key financial ratios (such as Current ratio; Acid test/Quick ratio; Earnings per share; Price earnings ratio; EV/EBITDA; Net profit; Net profit margin (%); Return on capital employed (%); Return on assets (%); Asset turnover ratio (%); Inventory turnover ratio; Debtor days) over the last 5 years and derive insights on the financial performance of the firm based on the ratios (construct a table).**

#### **Present the shareholding of the company and its variation over a period (construct a bar chart/pie chart).**

#### **Present the variation in the capital structure of the company over the last 5 years (construct a table).**

#### **Compare the financial performance of the company to its peers in the industry (construct a table).**

#### **Present the main components of cost and their movement across the last 5 years (construct a table).**

#### **Analyze the price performance over the last 5 years (construct a line chart).**

#### **Highlight a few important acquisitions, sales, and purchase of shares.**

# **Revenue Trend**

* Consistent growth from 2016 to 2019 with a dip in 2020.
* Income trend is consistent with economic demands of the country.
* However, on close inspection of year-on-year growth it seems the growth has been consistently shrinking, with a huge impact of Covid-19 in the year 2020.

# **Profit Trend**

* Overall growth in Profit with a dip in 2019 and rise in 2020, indicating resilience within the company.
* Year-on-year trendline shows the 2019 dip and recovery.

# **Key financial ratios**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Categories** | **2016** | **2017** | **2018** | **2019** | **2020** | **Comments** |
| **Current Ratio** | **0.99** | **1.16** | **1.4** | **1.58** | **1.74** | Ratio is consistently growing showing a healthy payment ability |
| **Acid Test/Quick Ratio** | **0.69** | **0.87** | **1.04** | **1.34** | **1.55** | Short term liquidity is showing promising growth |
| **Earnings per Share** | **32.08** | **48.75** | **80.23** | **72.36** | **75.35** | EPS has been over 80 only once in the last 5 years indicating less than expected growth |
| **Price earnings ratio** | **37.99** | **35.8** | **18.63** | **19.74** | **21.3** | Ratio indicates earnings compared to share price is increasing |
| **EV/EBITDA** | **16.18** | **14.9** | **11.58** | **8.31** | **9.63** | numbers shows a negative growth |
| **Net Profit** | **32.04** | **48.7** | **80.14** | **72.29** | **75.27** | trend shows a continuous growth except in the year 2019 |
| **Net Profit margin** | **5.39** | **6.89** | **10.17** | **8.67** | **10.26** | consistent growth with a overall followed trend in the year 2019 |
| **ROCE** | **6.44** | **13.93** | **13.97** | **17.08** | **14.4** | overall growth on capital employed |
| **Return on assets** | **4.48** | **6.14** | **9.4** | **7.95** | **7.8** | overall growth on returns |
| **Asset turnover ratio** | **83.03** | **89.22** | **92.36** | **91.65** | **76.04** | Growth in ratio indicates good sales |
| **Inventory turnover ratio** | **9.12** | **9.46** | **8.82** | **13.72** | **15.31** | overall good trend indicating good sales |

* Ratios are projecting a healthy organization with a few dips however nothing shows a major concern

# **SHAREHOLDING**

* High percentage of promoter shareholding indicates trust
* Overall portfolio shows a balanced nature of the organization

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Categories** | **Sep-2021** | **Dec-2021** | **Mar-2021** | **Jun-2021** | **Sep-2021** |
| **Promoter** | 54.53 | 54.53 | 54.53 | 54.53 | 54.53 |
| **FII** | 6.6 | 11.55 | 12.64 | 13.57 | 13.59 |
| **DII** | 25.75 | 20.83 | 20.43 | 19.56 | 19.54 |
| **Public** | 13.1 | 13.09 | 12.4 | 12.33 | 12.34 |
| **Others** | 0.02 | 0 | 0 | 0.01 | 0 |

# **CAPITAL STRUCTURE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Period** | **Instrument** | **Authorized Capital** | **Issued Capital** | **- P A I D U P -** | | |
| **FromTo** |  | **(Rs. cr)** | **(Rs. cr)** | **Shares (nos)** | **Face Value** | **Capital** |
| 20202020 | Equity Share | 225 | 188.79 | 187,787,263 | 10 | 187.79 |
| 20192019 | Equity Share | 225 | 188.79 | 187,787,263 | 10 | 187.79 |
| 20182018 | Equity Share | 225 | 188.79 | 187,787,263 | 10 | 187.79 |
| 20172017 | Equity Share | 225 | 188.79 | 187,787,263 | 10 | 187.79 |
| 20162016 | Equity Share | 225 | 188.79 | 187,787,263 | 10 | 187.79 |

* No change in the structure shows the stability of the firm
* At the same time no change may also indicate a lack of change required for growth

# **PEER COMPARISON**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company Name** | **Price** | **% Chg** | **MCap(Cr)** | **TTM PE** | **P/B** | **ROE(%)** | **1 Yr Perform(%)** | **Net Profit(Rs.)** | **Net Sales(Rs.)** | **Debt to Equity** |
| [ACC](https://www.moneycontrol.com/india/stockpricequote/cement-major/acc/ACC06) | 2,240.90 | -1.1 | 42,081.25 | 21.38 | 3.31 | 11.26 | 47.63 | 1,421 | 13,785 | 0.01 |
| [UltraTech Cement](https://www.moneycontrol.com/india/stockpricequote/cement-major/ultratechcement/UTC01) | 7,335.75 | -0.26 | 211,753.58 | 33.63 | 4.79 | 12.36 | 68.79 | 5,316 | 44,725 | 0.4 |
| [Shree Cements](https://www.moneycontrol.com/india/stockpricequote/cement-major/shreecements/SC12) | 27,757.15 | -1.08 | 100,149.87 | 38.73 | 6.48 | 14.84 | 33.86 | 2,289 | 13,476 | 0.12 |
| [Ambuja Cements](https://www.moneycontrol.com/india/stockpricequote/cement-major/ambujacements/AC18) | 403.05 | 0.04 | 80,031.43 | 25.19 | 2.75 | 10.39 | 69.24 | 3,092 | 24,516 | 0 |
| [Dalmia Bharat](https://www.moneycontrol.com/india/stockpricequote/cement-major/dalmiabharat/OCL) | 2,099.95 | 0.33 | 39,293.74 | 30.99 | 3.1 | 9.74 | 174.54 | 1,243 | 10,522 | 0.23 |

* ACC stands at 4th by Price, when compared to its peers the firm shows the most negative growth
* All the summary numbers indicate an overall average performance by the firm
* Sales when compared to market leader is just above 1/4th

# **MAIN COMPONENTS COST AND THEIR MOVEMENTS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Categories** | **Dec-2016** | **Dec-2017** | **Dec-2018** | **Dec-2019** | **Dec-2020** |
| Cost of Materials Consumed | 3,747.17 | 4,696.98 | 5,369.00 | 5,390.40 | 4,247.86 |
| Operating and Direct Expenses | 0 | 3,433.75 | 3,992.82 | 4,032.09 | 3,416.09 |
| Employee Benefit Expenses | 789.86 | 821.36 | 883.58 | 866.11 | 841.21 |
| Finance Costs | 68.91 | 98.53 | 87.77 | 86.27 | 57.08 |
| Depreciation and Amortization Expenses | 615.11 | 643.62 | 603.22 | 606.44 | 638.84 |
| Other Expenses | 5,108.59 | 2,440.80 | 2,546.53 | 2,495.99 | 2,087.43 |
| **TOTAL EXPENSES** | **10,430.84** | **12,114.85** | **13,444.49** | **13,937.48** | **12,126.79** |

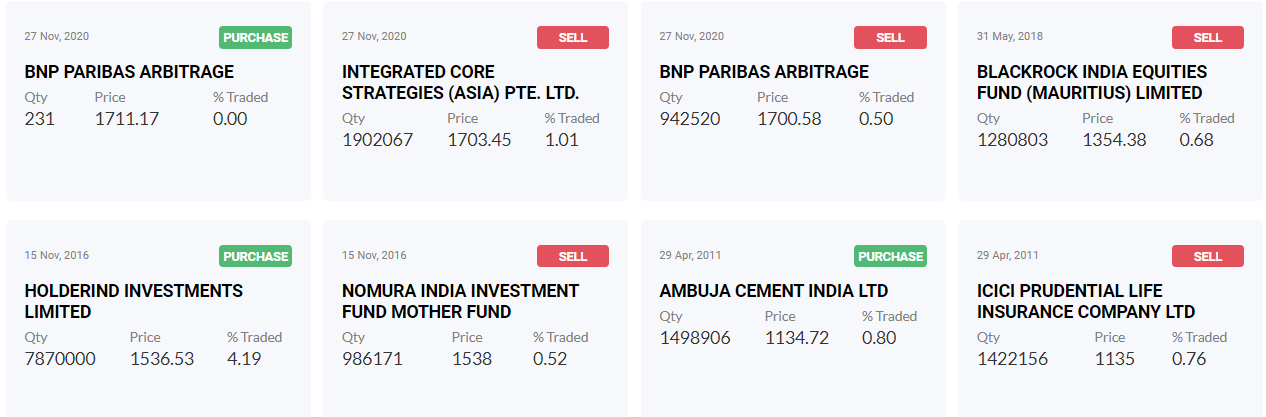
* General trend follows in expenses with a dip in 2019 however expenses are not recovering in the year 2020
* Firm seems to move back a couple of years behind in terms of growth

# **PRICE PERFORMANCE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Open** | **Close** | **High** | **Low** |
| 2021 | 1617.2 | 2240.9 | 2509 | 1584.2 |
| 2020 | 1452.5 | 1617.65 | 1785 | 895.15 |
| 2019 | 1516.9 | 1445.65 | 1769.05 | 1326 |
| 2018 | 1763.95 | 1508.1 | 1857.45 | 1255.65 |
| 2017 | 1340 | 1758.4 | 1869.95 | 1314.05 |

* After an initial dip in the share price the trend picks up

# **ACQUISITIONS, SALES AND PURCHASES OF SHARES**



* Overall sell is more than purchase showing some instability
* No acquisitions