

ANALYSIS OF STANDALONE FINANCIAL

The following table sets forth the breakup of the Company's expenses as part of the Revenue from operations (Net)

Figures in ₹ Crore

| | 2015 | % of Revenue from operations | 2014 | % of Revenue from operations |
|---|------------------|------------------------------|------------------|------------------------------|
| Net Sales | 11,432.76 | 96.91 | 11,481.05 | 97.81 |
| Other operating revenue | 364.07 | 3.09 | 257.16 | 2.19 |
| Revenue from operations (net) | 11,796.83 | 100.00 | 11,738.21 | 100.00 |
| Other income | 119.35 | 1.01 | 268.28 | 2.29 |
| Cost of materials consumed | 1,739.78 | 14.75 | 1,788.31 | 15.23 |
| Purchase of traded goods | 108.29 | 0.92 | 194.33 | 1.66 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 0.05 | - | (11.28) | (0.10) |
| Employee benefits expense | 769.87 | 6.53 | 746.59 | 6.36 |
| Power and fuel | 2,394.05 | 20.29 | 2,441.82 | 20.80 |
| Freight and Forwarding expense | 2,723.00 | 23.08 | 2,598.33 | 22.14 |
| Finance costs | 67.32 | 0.57 | 82.76 | 0.71 |
| Depreciation and amortization expense | 652.06 | 5.53 | 557.58 | 4.75 |
| Other expenses (including Self Consumption of cement) | 2,524.62 | 21.40 | 2,472.85 | 21.07 |
| Profit before exceptional item and tax | 937.14 | 7.94 | 1,135.20 | 9.67 |
| Exceptional item | 153.17 | 1.30 | - | - |
| Profit before tax | 783.97 | 6.65 | 1,135.20 | 9.67 |
| Tax expenses | 192.40 | 1.63 | (33.09) | (0.28) |
| Profit for the year | 591.57 | 5.01 | 1,168.29 | 9.95 |

Profit after tax for the year is not comparable with previous year due to following reasons:

- In the previous year, on completion of assessments and review of certain tax positions, provision for tax of ₹ 309.23 Crore and provision for interest on income tax of ₹ 69.37 Crore had to be written back, whereas no such write backs are necessary in 2015.
- In the current year, an additional depreciation charge of ₹ 173.14 Crore (net of tax) has been made on account of change in useful lives of fixed assets in accordance with the provisions of Schedule II of the Companies Act, 2013.

As a result of above, Profit after tax for the year 2015 is ₹ 591.57 Crore as compared to ₹1168.29 Crore in the previous year:

1. REVENUE FROM OPERATIONS (NET):

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-------------------------|------------------|------------------|--------------|-------------|
| Cement and Clinker | 10,465.26 | 10,720.28 | (255.02) | (2.38) |
| Ready Mix Concrete | 948.62 | 740.80 | 207.82 | 28.05 |
| Sale of services (RMX) | 18.88 | 19.97 | (1.09) | (5.46) |
| Other operating revenue | 364.07 | 257.16 | 106.91 | 41.57 |
| TOTAL | 11,796.83 | 11,738.21 | 58.62 | 0.50 |

Revenue from operations (net) has marginally increased due to following reasons:-

- Net sale of cement and clinker has declined by 2.38% mainly on account of temporary closure of mines in the eastern plants of Chaibasa and Bargarh and a general slow pace of economy, in early part of the year.
- The Company achieved cement sales volume of 23.62 million tonnes during the year as compared to 24.21 million tonnes in the previous year.
- Net cement realization has improved marginally as compared to previous year.
- Sale of Ready Mixed Concrete has increased by 28% from 18.34 Lakh Cubic Meters to 23.44 Lakh Cubic Meters.
- Other operating revenue consists of accrual of incentive and subsidies from Governments under incentive schemes, write back of provision which is no longer required, Scrap sales and other Miscellaneous Income.

Other operating revenue has increased due to following reason:

- Accrual of sales tax incentives of ₹ 139.74 Crore pertaining to the period August 2005 to March 2015 due to favorable order from Jharkhand High Court in current year.

2. OTHER INCOME:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--------------|--------|--------|----------|---------|
| Other income | 119.35 | 268.28 | (148.93) | (55.51) |

Other income consists of Interest on Bank deposits, Interest on Income Tax, Gain on sale of investments and Dividend from long term investments.

Other income has decreased due to following reasons:

- The Company is debt free. Jamul project is funded through internal accruals. Due to this cash and cash equivalents is lower as compared to 2014 which has resulted into lower income from short term investments by ₹ 77 Crore. Also there has been reduction in average rate of return on investment as compared to previous year.
- In the previous year, the Company had written back ₹ 69.37 Crore towards interest on income tax relating to earlier years.

3. COST OF MATERIALS CONSUMED:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|----------------------------|----------|----------|---------|---------|
| Cost of materials consumed | 1,739.78 | 1,788.31 | (48.53) | (2.71) |

Cost of materials consumed has decreased due to following reasons:

- Cement production has decreased by 1.65% from 24.24 million tonnes to 23.84 million tonnes.
- Slag prices has reduced by 27% as compared to previous year. Overall cost of consumption of slag has reduced by ₹ 85.55 Crore. Cost of Additives & Corrective materials has also reduced by ₹ 24 Crore.
- Decrease in input cost has partially offset by increase in Fly ash and Gypsum prices in the range of 4%-5%.
- Ready Mixed Concrete Production has increased by 26% from 17.61 Lakh Cubic Meters to 22.15 Lakh Cubic Meters.
- Continuous focus on cost management also helped contain overall raw material cost.

4. PURCHASE OF TRADED GOODS

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--------------------|---------------|---------------|----------------|----------------|
| Cement | 13.71 | 121.91 | (108.20) | (88.75) |
| Ready mix concrete | 94.58 | 72.42 | 22.16 | 30.60 |
| TOTAL | 108.29 | 194.33 | (86.04) | (44.28) |

- Purchase of traded cement has decreased by ₹ 108.20 Crore as compared to previous year mainly on account of discontinuation of sale and purchase arrangement with third party in the previous year.

5. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|---|------|---------|--------|----------|
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 0.05 | (11.28) | 11.33 | (100.44) |

- There is no significant movement in change in inventories.

6. EMPLOYEE BENEFITS EXPENSE:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|---------------------------|--------|--------|--------|---------|
| Employee benefits expense | 769.87 | 746.59 | 23.28 | 3.12 |

Employee benefits expense has increased due to following reasons:

- During the year, the Company has incurred ₹ 33 Crore towards severance cost on account of manpower rationalization.
- Normal hike in salary w.e.f April 01, 2015.
- Increase in employee cost has been partially offset by lower retirement benefits provision. Retirement benefits provision in previous year was higher by ₹ 28 Crore due to change in discounting rate for valuation of employee benefits obligation.

7. POWER AND FUEL:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|----------------|----------|----------|---------|---------|
| Power and Fuel | 2,394.05 | 2,441.82 | (47.77) | (1.96) |

Power and fuel cost has decreased by 1.96% due to following reasons:

- Fuel cost for kiln has decreased due to reduction in Pet coke price and landed cost of domestic coal. Usage of Pet coke and Alternative fuel has increased in current year.
- Cost Benefit of ₹ 7 Crore due to higher generation of Waste Heat Recovery System (WHRS) operation at Galgal
- Decrease in power and fuel cost partially offset by increase in clinker production by 1.66%
- The Generation cost per KW of captive power plants (CPP) in 2015 increased by 2% to ₹ 4.67 per unit against ₹ 4.59 per unit in 2014, mainly due to a higher landed cost of coal transported by rail and levy / increase in electricity duty on generation of power.

8. FREIGHT AND FORWARDING EXPENSE :

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|---------------------------------------|-----------------|-----------------|---------------|-------------|
| Freight and Forwarding expense | | | | |
| On Clinker transfer | 460.30 | 393.81 | 66.49 | 16.88 |
| On finished products - Cement | 2,180.46 | 2,136.50 | 43.96 | 2.06 |
| Ready mixed Concrete | 82.24 | 68.02 | 14.22 | 20.91 |
| TOTAL | 2,723.00 | 2,598.33 | 124.67 | 4.80 |

Freight and Forwarding expense has increased due to following reasons:

- Freight on inter unit clinker transfer has gone up by ₹ 66.49 Crore mainly on account of long lead movement of clinker and higher volume of clinker transferred to various units.
- Freight cost on sale of Cement has gone up due to hike in railway freight by 6%.
- Increase in freight cost has partially offset by benefits in road freight on account of reduction in diesel prices.
- Freight cost on sale of Ready Mixed Concrete has gone up due to increase in volumes.

9. FINANCE COSTS:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|------------------------|--------------|--------------|----------------|----------------|
| Interest expenses | 46.13 | 48.70 | (2.57) | (5.28) |
| Interest on Income Tax | 21.19 | 34.06 | (12.87) | (37.79) |
| TOTAL | 67.32 | 82.76 | (15.44) | (18.66) |

Finance costs comprise interest paid to dealers on Security deposit, interest on income tax and other interest.

- Finance cost has decreased due to reduction in interest on income tax by ₹ 12.87 Crore as compared to previous year.

10. DEPRECIATION AND AMORTIZATION EXPENSE

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-----------------------------------|---------------|---------------|--------------|--------------|
| Depreciation on tangible assets | 651.55 | 557.23 | 94.32 | 16.93 |
| Amortization on intangible assets | 0.51 | 0.35 | 0.16 | 45.71 |
| TOTAL | 652.06 | 557.58 | 94.48 | 16.94 |

- Current year depreciation includes additional depreciation charge of ₹ 111.61 Crore due to change in useful lives of the fixed assets in accordance with the provision of Schedule II of the Companies Act, 2013.

11. OTHER EXPENSES:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--|-----------------|----------------|--------------|-------------|
| Consumption of Stores and spares parts | 377.99 | 361.99 | 16.00 | 4.42 |
| Consumption of packing materials | 404.44 | 483.67 | (79.23) | (16.38) |
| Excise duty variation on opening and closing stock | 1.07 | 2.73 | (1.66) | (60.81) |
| Rent | 29.90 | 33.83 | (3.93) | (11.62) |
| Rates and Taxes | 145.52 | 141.13 | 4.39 | 3.11 |
| Repairs | 161.23 | 171.54 | (10.31) | (6.01) |
| Insurance | 25.44 | 24.62 | 0.82 | 3.33 |
| Royalties on minerals | 205.72 | 129.82 | 75.90 | 58.47 |
| Discount on sales | 90.80 | 93.27 | (2.47) | (2.65) |
| Advertisement | 110.13 | 106.82 | 3.31 | 3.10 |
| Technology and Know-how fees | 112.76 | 112.91 | (0.15) | (0.13) |
| Miscellaneous Expenses | 868.94 | 828.18 | 40.76 | 4.92 |
| Self-Consumption of cement | (9.32) | (17.66) | 8.34 | (47.23) |
| TOTAL | 2,524.62 | 2472.85 | 51.77 | 2.09 |

- Consumption of packing material cost has decreased mainly due to decline in prices of PP granule as compared to previous year. Average price of packing bags reduced by 15%.
- Royalties on minerals
 - Pursuant to introduction of The Mines and Minerals (Development and Regulation) Amendment Act, 2015, effective from January 12, 2015, the Company has created provision amounting to ₹ 52 Crore towards contribution to District Mineral Foundation and National Mineral Exploration Trust (NMET).
 - Increase in royalty rate on limestone from ₹ 63 to ₹ 80 with effect from September, 2014.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd for technical support received by the Company.
- Miscellaneous Expenses
 - During the year, the Company has provided ₹ 15 Crore for diminution in the value of investment in ACC Mineral Resources Limited, a wholly owned subsidiary Company.
 - Fixed assets of ₹ 12 Crore written off in the current year.
 - The Company has incurred ₹ 13 Crore towards severance cost for rationalization of third party manpower.

12. EXCEPTIONAL ITEM:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|------------------|--------|------|--------|---------|
| Exceptional item | 153.17 | - | 153.17 | - |

- Pursuant to the transitional provisions prescribed in Schedule II to the Companies Act, 2013, an additional charge of ₹ 153.17 Crore, being the carrying amount as of January 1, 2015 of fixed assets with no remaining useful life (Revised as per Schedule II) as of that date, is recognized in the Statement of Profit and Loss and disclosed as an exceptional item.

13. TAX EXPENSES:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--------------|--------|---------|--------|----------|
| Tax expenses | 192.40 | (33.09) | 225.49 | (681.44) |

- In the previous year, on completion of assessments and review of certain tax positions, an amount of ₹ 309.23 Crore had to be written back, whereas no such write backs are necessary in 2015.

14. NET FIXED ASSETS:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--------------------------|-----------------|-----------------|---------------|-------------|
| Tangible assets | 5,284.78 | 5,597.75 | (312.97) | (5.59) |
| Intangible assets | 0.20 | 0.64 | (0.44) | (68.75) |
| Capital Work in progress | 2,370.96 | 1,914.63 | 456.33 | 23.83 |
| TOTAL | 7,655.94 | 7,513.02 | 142.92 | 1.90 |

- Decrease in Net Tangible assets is due to additional charge of depreciation of ₹ 264.78 Crore on account of change in useful lives of the fixed assets in accordance with the provision of Schedule II of the Companies Act, 2013.
- Capital work-in-progress has gone up mainly on account of capital expenditure incurred on Jamul and Sindri project.

The ongoing expansion of project at Jamul plant in Chhattisgarh, which comprises a new clinkering line and grinding facility together with a new grinding unit at Sindri in Jharkhand, is nearing completion and expected to be commissioned in the second quarter of 2016.

15. INVESTMENTS:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-------------------------|-----------------|-----------------|----------------|---------------|
| Non-current investments | 274.55 | 290.90 | (16.35) | (5.62) |
| Current investments | 1201.15 | 1282.08 | (80.93) | (6.31) |
| TOTAL | 1,475.70 | 1,572.98 | (97.28) | (6.18) |

Non-current investment has decreased due to following reasons:

- During the year, the Company has provided ₹ 15.15 Crore for diminution in the value of investment in ACC Mineral Resources Limited, a wholly owned subsidiary Company.
- Current portion of long term investment of ₹ 3.70 Crore disclosed under the schedule current investments.
- During the year, the company has invested ₹ 2.50 Crore in equity shares of Oneindia BSC Private Limited, which is a jointly controlled entity with equal equity participation with Ambuja Cements Limited, a fellow subsidiary Company, with aim to provide back office services with respect to routine processes.

Current investments

- Current investment has decreased due to utilization of surplus funds in Jamul and Sindri projects.

16. LOANS AND ADVANCES

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-------------------------------|-----------------|-----------------|---------------|--------------|
| Long-term loans and advances | 1,073.38 | 855.56 | 217.82 | 25.46 |
| Short-term loans and advances | 349.84 | 383.92 | (34.08) | (8.88) |
| TOTAL | 1,423.22 | 1,239.48 | 183.74 | 14.82 |

Long-term loans and advances has increased due to following reasons:

- Capital advance has increased by ₹ 92 Crore mainly due to advance given for Jamul and Sindri projects.
- The Company had received a demand from District Mining Officer towards penalty for alleged illegal mining activities carried out by the Company. The aforesaid demands were challenged by the company and Writ Petition has been filed with High Court of Jharkhand. The petition has been admitted subject to a token deposit of ₹ 48 Crore, which has been deposited in the current year and disclosed under Long-term loans and advances.
- Advance of income tax (Net) has increased by ₹ 72.21 Crore.

Short term loans and advances has decreased due to following reasons:

- Advances for supply of Raw material has gone down by ₹ 26.60 Crore.
- Balance with statutory / government authorities has decreased by ₹ 12.45 Crore mainly due to reduction in cenvat input credit.

17. OTHER ASSETS

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--------------------------|---------------|---------------|---------------|--------------|
| Other non-current assets | 466.30 | 360.71 | 105.59 | 29.27 |
| Other current assets | 55.11 | 14.54 | 40.57 | 279.02 |
| TOTAL | 521.41 | 375.25 | 146.16 | 38.95 |

- Other non-current assets have gone up due to accrual of incentive receivables from government under various incentives schemes.
- Other current assets have gone up due to increase in fixed assets held for sale by ₹ 38.79 Crore.

18. INVENTORIES :

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|----------------------|-----------------|-----------------|----------------|---------------|
| Raw Materials | 132.01 | 139.07 | (7.06) | (5.08) |
| Work-in-Progress | 241.20 | 240.32 | 0.88 | 0.37 |
| Finished Goods | 152.54 | 153.75 | (1.21) | (0.79) |
| Stock-in-trade | 0.65 | 0.37 | 0.28 | 75.68 |
| Stores & Spare Parts | 265.84 | 262.53 | 3.31 | 1.26 |
| Packing Material | 18.24 | 20.02 | (1.78) | (8.89) |
| Fuels | 378.12 | 439.53 | (61.41) | (13.97) |
| TOTAL | 1,188.60 | 1,255.59 | (66.99) | (5.34) |

- Fuel inventory was higher in the previous year due to stoppage of clinkerisation activity at Chaibasa and Bargarh plants, consequent upon temporary suspension of limestone mining operations.

19. TRADE RECEIVABLES:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--|---------------|---------------|--------------|--------------|
| Trade receivables – Cement | 287.65 | 244.77 | 42.88 | 17.52 |
| Trade receivables - Ready Mixed Concrete | 196.70 | 165.94 | 30.76 | 18.54 |
| TOTAL | 484.35 | 410.71 | 73.64 | 17.93 |

- Trade receivable for cement has increased by 17.52%. The average collection days outstanding for cement sales as on December 31, 2015 is 6 as compared to 5 as on December 31, 2014.
- Increase in Ready Mixed Concrete business trade receivable in 2015 is mainly due to increase in sales.
- The average collection day outstanding for Concrete business as on December 31, 2015 is 65 as compared to 59 as on December 31, 2014.

20. CASH AND BANK BALANCES:

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|------------------------|-------|--------|----------|---------|
| Cash and bank balances | 91.60 | 304.30 | (212.70) | (69.90) |

- The Company is debt free. Jamul project is funded through internal accruals. Due to this Cash and bank balances is lower as compared to 2014.

21. PROVISIONS

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-----------------------|---------------|-----------------|-----------------|----------------|
| Long-term provisions | 119.86 | 115.94 | 3.92 | 3.38 |
| Short-term provisions | 639.33 | 937.27 | (297.94) | (31.79) |
| TOTAL | 759.19 | 1,053.21 | (294.02) | (27.92) |

Short-term provision has decreased due to following reasons:

- Provision for employee benefits has decreased due to contribution of ₹ 75 Crore to the fund against provision for compensated absences.
- Provision for proposed final dividend (including dividend distribution tax) has decreased by ₹ 292.46 Crore. Proposed final dividend is ₹ 6 per Share as against ₹ 19 per Share in the previous year.
- Provision for Income Tax (Net of advance tax) has increased by ₹ 72.27 Crore.

22. SHORT-TERM BORROWINGS

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|-----------------------|-------|------|--------|---------|
| Short term borrowings | 35.50 | - | 35.50 | 100.00 |

- Short term Borrowings consist of loan from ACC Mineral Resources Limited, a wholly owned subsidiary Company.

23. TRADE PAYABLES

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|----------------|--------|--------|--------|---------|
| Trade payables | 874.11 | 750.23 | 123.88 | 16.51 |

- Increase in trade payables are in line with increase in business activities.

24. OTHER CURRENT LIABILITIES

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|--|-----------------|-----------------|---------------|-------------|
| Interest accrued but not due on borrowings | 2.44 | - | 2.44 | - |
| Unpaid dividend & Matured Deposit | 33.46 | 31.89 | 1.57 | 4.92 |
| Statutory dues | 378.50 | 324.27 | 54.23 | 16.72 |
| Advance from customers | 137.81 | 131.94 | 5.87 | 4.45 |
| Security deposits and retention money | 666.77 | 624.48 | 42.29 | 6.77 |
| Liability for capital expenditure | 113.13 | 131.09 | (17.96) | (13.70) |
| Other payables | 927.71 | 853.04 | 74.67 | 8.75 |
| TOTAL | 2,259.82 | 2,096.71 | 163.11 | 7.78 |

- Statutory dues have increased due to provision of ₹ 52 Crore made towards contribution to District Mineral Foundation and National Mineral Exploration Trust (NMET).
- Other payables have increased due to increase in provision for litigations.

25. CASH FLOW

Figures in ₹ Crore

| | 2015 | 2014 | Change | Change% |
|---|----------|----------|--------|---------|
| Net cash flow from operating activities | 1,461.24 | 1,331.70 | 129.54 | 9.73 |

Net cash from operating activities has increased as compared to previous year due to following reasons:

- The cash operating profit before working capital changes has increased by ₹ 107.95 Crore.
- Decrease in working capital by ₹ 58 Crore as compared to ₹ 43 Crore in previous year.

| | 2015 | 2014 | Change | Change% |
|--|----------|------------|--------|---------|
| Net cash used for investing activities | (948.17) | (1,436.69) | 488.52 | (34.00) |

- Net cash used for investment activities has decreased mainly on account of lower cash outflow for purchase of fixed assets by ₹ 359 Crore and refund of deposit, along-with accumulated interest, kept lien in favour of COMPAT for Competition Commission of India (CCI) matter.

| | 2015 | 2014 | Change | Change% |
|--|----------|----------|--------|---------|
| Net cash used for financing activities | (681.02) | (837.09) | 156.07 | (18.64) |

Net cash used for financing activities has decreased due to following reasons:

- Lower payment of Dividend and dividend tax by 78 Crore as compared to previous year.
- Proceeds from short term Borrowings of ₹ 35.50 from subsidiary company in the current year.
- In the previous year, the Company repaid the Long term borrowings of ₹ 35 Crore.