

## Financial Analysis of ACC Limited (Standalone)

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

Figures in ₹ Crore

	2013	% of Revenue from operations	2012	% of Revenue from operations
<b>Revenue from operations (net)</b>	<b>11,168.94</b>	<b>100%</b>	<b>11,357.96</b>	<b>100%</b>
Other income	223.79	2%	264.82	2%
Cost of material consumed	1,621.48	15%	1,551.47	14%
Purchase of stock-in-trade	232.86	2%	158.75	1%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	6.53	0.06%	20.02	0.18%
Employee benefits expense	661.68	6%	616.65	5%
Power and fuel	2,382.34	21%	2,382.26	21%
Freight and Forwarding expense	2,316.11	21%	2,221.17	20%
Finance costs	51.67	0.46%	114.65	1%
Depreciation and amortization expense	573.95	5%	558.88	5%
Other expenses	2,319.15	21%	2,212.06	19%
<b>Profit before exceptional item and tax</b>	<b>1,226.96</b>	<b>11%</b>	<b>1,786.87</b>	<b>16%</b>

### 1. Revenue from operations (net):

Figures in ₹ Crore

	2013	2012	Change	Change%
Cement and Clinker	10,252.50	10,513.38	(260.88)	-2%
Ready Mix Concrete	639.63	605.80	33.83	6%
Sale of services	16.28	11.27	5.01	44%
Other operating revenue	260.53	227.51	33.02	15%
<b>TOTAL</b>	<b>11,168.94</b>	<b>11,357.96</b>	<b>(189.02)</b>	<b>-2%</b>

Revenue from operations has slightly decreased due to following:-

- Net sale of cement and clinker has decreased by 2% primarily on account of decrease in sales volume and sales realization. The Company achieved a sales volume of 23.93 million tonnes of cement during the year as compared to 24.11 million tonnes in previous year. The economic environment in the country was sluggish, thus impacting demand for cement. As a result the company's cement volume remained almost flat.
- Other operating revenue has increased due to accrual of incentive receivables under governments incentive schemes.

### 2. Other Income:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Other Income</b>	<b>223.79</b>	<b>264.82</b>	<b>(41.03)</b>	<b>-15.49%</b>

Interest on bank deposits and Gain on sale of current investments have gone down on account of decrease in Cash and cash equivalents by ₹ 516 Crore as compared to previous year.

### 3. Cost of material Consumed:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Cost of material consumed</b>	<b>1,621.48</b>	<b>1,551.47</b>	<b>70.01</b>	<b>4.51%</b>

Due to sluggish market, production of cement remained almost flat at 23.86 million tonnes. Cost of material consumed has increased due to escalations in input cost of Slag by 19% and Fly ash by 11%. Cost of Iron Ore, Bauxite and Laterite have also gone up.

### 4. Purchase of Traded goods

Figures in ₹ Crore

	2013	2012	Change	Change%
Cement	140.36	92.20	48.16	52%
Ready mix concrete	92.50	66.55	25.95	39%
<b>TOTAL</b>	<b>232.86</b>	<b>158.75</b>	<b>74.11</b>	<b>47%</b>

Purchase of trading cement has increased due to increase in purchase quantity from 0.20 to 0.30 million tonnes.

### 5. Power and Fuel:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Power and Fuel</b>	<b>2,382.34</b>	<b>2,382.26</b>	<b>0.08</b>	<b>0.003%</b>

- Overall power and fuel cost is maintained at previous year level with the improvement in efficiency and better fuel mix. The Company maximized the use of pet coke and alternative fuel. Overall pet coke consumption in current year has increased. This has helped in lowering the use of imported coal.
- State Electricity Board hike the Power tariff by 9%.
- Clinker production during the current year is at 15.52 million tonnes as compared to 15.45 million tonnes in previous year.
- Power consumption is 85 kwh/t as compared to 88.13 kwh/t in the previous year.

### 6. Employee benefits expense:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Employee benefits expense</b>	<b>661.68</b>	<b>616.65</b>	<b>45.03</b>	<b>7.30%</b>

Employee benefits expenses increased due to increments in salary and wages which is partly offset by decrease in retirement benefits provision due to increase in discounting rate from 8.15% to 8.85%.

## 7. Freight and Forwarding expense :

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Freight and Forwarding expense</b>	<b>2,316.11</b>	<b>2,221.17</b>	<b>94.94</b>	<b>4.27%</b>

- Freight and Forwarding expense has increased mainly on account of sharp hike in diesel prices during the year and hike in base freight rate and surcharge by railways.
- To mitigate the impact of increase, the Company is continuously focusing on improvements in logistics process through cost leadership programme.

## 8. Other Expenses:

Figures in ₹ Crore

	2013	2012	Change	Change%
Consumption of packing materials	434.15	381.53	52.62	13.79%
Repairs	160.00	162.27	(2.27)	-1.40%
Royalties	118.28	130.85	(12.57)	-9.61%
Discount on sales	81.73	83.16	(1.43)	-1.72%
Rates and Taxes	113.19	115.66	(2.47)	-2.14%
Advertisement	116.07	102.58	13.49	13.15%
Excise Duties	6.47	88.47	(82.00)	-92.68%
Rent	30.51	31.59	(1.08)	-3.42%
Insurance	25.29	24.67	0.62	2.51%
Consumption of Stores and spares	381.29	386.50	(5.21)	-1.35%
Technology and Know-how fees	107.66	-	107.66	100%
Miscellaneous Expenses	744.51	704.78	39.73	5.64%
<b>TOTAL</b>	<b>2,319.15</b>	<b>2,212.06</b>	<b>(107.09)</b>	<b>4.84%</b>

Other expense has increased on account of following:-

- Consumption of packing material cost has increase mainly due to increase in average price of bags by 16%.
- Previous year Royalty charges included ₹ 10 Crore paid against the demand on royalty of limestone related to earlier years.
- Advertisement expense has increased to improve the brand visibility of the Company.
- Excise duty has decreased by ₹ 58 Crore due to exemption of excise duty on captive consumption of clinker from March 2013. Other decrease is on account of change in inventory.
- Technology and Know-how fees represents the amount paid to Holcim Technology Limited.
- Miscellaneous expenses has gone up due to provision for diminution in the value of investment of ₹ 17.86 Crore in Shiva Cement Limited and Impairment of Coal washery of ₹ 11.93 Crore.

## 9. Depreciation and Amortization expense:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Depreciation and Amortization expense</b>	<b>573.95</b>	<b>558.88</b>	<b>15.07</b>	<b>2.70%</b>

Depreciation expense has marginally increased as compared to previous year.

## 10. Finance costs:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Finance costs</b>	<b>51.67</b>	<b>114.65</b>	<b>(62.98)</b>	<b>-54.93%</b>

Finance costs comprise interest on debenture, interest on income tax and other interest. Finance cost has decreased due to following:

- During the year, the Company has bought back and redeemed debentures of ₹ 125 Crore. Interest on debentures has decreased by ₹ 39 Crore as compared to previous year.
- Interest on income tax has decreased by ₹ 36 Crore due to write back of provision for interest on income tax related to earlier years.
- During the year, the Company has provided ₹ 6.35 Crore related to Interest on delayed payment of Royalty on limestone.

## 11. Fixed Assets:

Figures in ₹ Crore

	2013	2012	Change	Change%
Tangible assets	5,503.13	5,862.85	(359.72)	-6.14%
Intangible assets	0.83	1.02	(0.19)	-18.63%
Capital Work in progress	819.61	311.30	508.31	163.29%

- No major capitalisation has taken place in the current year. Reduction in the net block of tangible assets is mainly on account of depreciation charge for the current year.
- Capital work-in-progress has gone up mainly on account of capital expenditure incurred on Jamul project and Waste Heat Recovery System at Gagal.

## 12. Investments:

Figures in ₹ Crore

	2013	2012	Change	Change%
Non-current investments	176.81	194.67	(17.86)	-9%
Current investments	2,017.21	2,358.88	(341.67)	-14%
<b>TOTAL</b>	<b>2,194.02</b>	<b>2,553.55</b>	<b>(359.53)</b>	<b>-14%</b>

- Non-current investments have decreased due to provision for diminution in the value of investment in Shiva Cement Limited of ₹ 17.86 Crore.
- Current investment has decreased due to decrease in surplus cash.

### 13. Loans and Advances

Figures in ₹ Crore

	2013	2012	Change	Change%
Long-term loans and advances	866.83	564.20	302.63	54%
Short-term loans and advances	359.39	323.29	36.10	11%
<b>TOTAL</b>	<b>1,226.22</b>	<b>887.49</b>	<b>338.73</b>	<b>38%</b>

- Long-term loans and advances has increased mainly due to increase in capital advances for Jamul project.
- Short term loans and advance has increased due to advance given to wholly owned subsidiary, ACC Mineral Resources Limited for ₹ 24 Crore.

### 14. Inventories :

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Inventories</b>	<b>1,121.47</b>	<b>1,133.55</b>	<b>(12.08)</b>	<b>-1%</b>

Inventory has decreased marginally by 1% in comparison to previous year.

### 15. Trade receivables:

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Trade receivables</b>	<b>397.22</b>	<b>303.45</b>	<b>93.77</b>	<b>31%</b>

Trade receivable has increased on account of following:-

- Increase in Trade receivables is mainly on account of increase in non-trade debtors by ₹ 79.02 Crore and trade debtors ₹ 14.75 Crore.
- The average collection days outstanding for cement sales as on December 31, 2013 is 5.7 as compared to 4.3 as on December 31, 2012.

### 16. Other assets

Figures in ₹ Crore

	2013	2012	Change	Change%
Other non-current assets	308.24	165.84	142.40	86%
Other current assets	19.47	28.80	(9.33)	-32%
<b>TOTAL</b>	<b>327.71</b>	<b>194.64</b>	<b>133.07</b>	<b>68%</b>

- Other non-current assets have gone up due to accrual of incentive receivables under government incentives schemes.
- Other current assets have gone down due to decrease in interest accrued on investments.

## 17. Long-term borrowings

Figures in ₹ Crore

	2013	2012	Change	Change%
Secured borrowings	-	82.00	(82.00)	-100%.
Unsecured borrowings	-	3.03	(3.03)	-100%.
<b>TOTAL</b>	-	<b>85.03</b>	<b>(85.03)</b>	<b>-100%.</b>

- During the current year the Company has bought back non-convertible debentures of ₹ 50 Crore and current maturities of debentures of ₹ 32 Crore is shown under other current liabilities.
- Current maturities of Unsecured borrowings of ₹ 3.03 Crore is shown under other current liabilities.

## 18. Other Liabilities

Figures in ₹ Crore

	2013	2012	Change	Change%
Other Long-term liabilities	406.75	381.09	25.66	7%
Other current liabilities	1,545.69	1,515.81	29.88	2%
<b>TOTAL</b>	<b>1,952.44</b>	<b>1,896.90</b>	<b>55.54</b>	<b>3%</b>

- Other Long-term liabilities have increased due to increase in deposit from dealers and others.
- Other current liabilities have marginally increased as compared to the previous year. Liability for capital expenditure, statutory dues and other payables has increased.

## 19. Provisions

Figures in ₹ Crore

	2013	2012	Change	Change%
Long-term provisions	89.09	92.36	(3.27)	-4%
Short-term provisions	1,080.75	1,291.73	(210.98)	-16%
<b>TOTAL</b>	<b>1,169.84</b>	<b>1,384.09</b>	<b>(214.25)</b>	<b>-15%</b>

- Long-term provisions have gone down due to decrease in provision for employee benefits. The decrease is on account of change in actuarial assumption factors.
- Short-term provisions has decreased due to write back of provision for income tax by ₹ 222.20 Crore related to earlier assessment years.

## 20. Trade Payables

Figures in ₹ Crore

	2013	2012	Change	Change%
Trade payables	639.20	660.49	(21.29)	-3.22%

Trade payables have decreased marginally as compared to previous year.

## 21. Cash Flow

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Net cash flow from operating activities</b>	<b>1,077.00</b>	<b>1,577.00</b>	<b>(500.00)</b>	<b>-31.71%</b>

The net cash from operating activities is decreased as compared to the previous year due to following:

- As a result of lower operating profit during the current year, the operating profit before working capital changes has decreased by ₹ 535 Crore.
- Decrease in working capital by ₹ 188 Crore, as compared to increase by ₹ 446 Crore in the previous year
- Cash outflow from income tax paid is ₹ 429 Crore, as compared to ₹ 206 Crore in the previous year. In the previous year, the Company had received the income tax refund of ₹ 212 Crore.

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Net cash flow from investing activities</b>	<b>852.11</b>	<b>310.65</b>	<b>541.46</b>	<b>174.30%</b>

During the current year, fund used in investing activities has increased due to following:

- Increase in outflow for purchase of fixed assets mainly on account of Capital advances for Jamul project.
- Investment in bank deposits of ₹ 119 Crore (Earmarked for specific purpose)

Figures in ₹ Crore

	2013	2012	Change	Change%
<b>Net cash flow from financing activities</b>	<b>860.88</b>	<b>1,066.02</b>	<b>(205.14)</b>	<b>-19.24%</b>

The net cash used in financing activities is decreased due to following:

- During the current year the company has bought back and redeemed non-convertible debentures of ₹ 125 Crore as compared to ₹ 343 Crore in the pervious year.