

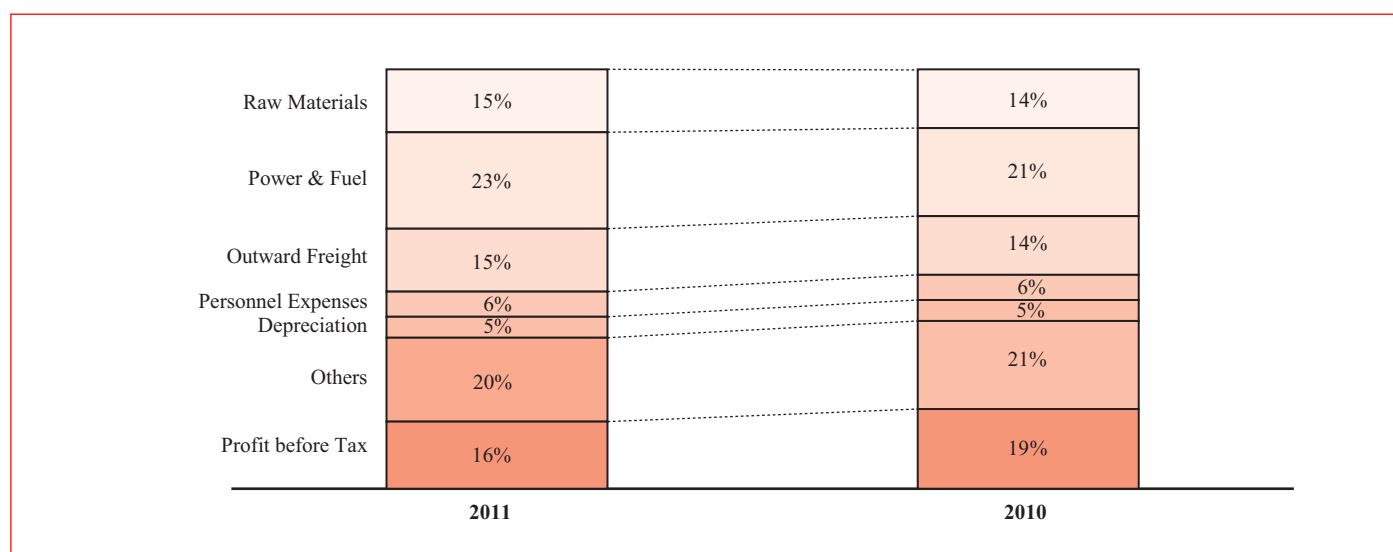
Financial Analysis of ACC Limited (Standalone)

The following table set forth the breakup of the Company's expenses as part of the Net Sales

Figures in ₹ Crore

	2011	% of Net Sales	2010	% of Net Sales
Net Sales	9,438.66	100%	7,717.33	100%
Operating and Other Income	413.54	4%	356.93	5%
Increase in Stock in trade and Work in progress	(94.39)	-1%	(56.58)	-1%
Consumption of Raw materials	1,428.00	15%	1,106.58	14%
Purchase of Traded Cement	169.78	2%	117.63	2%
Personnel Expenses	525.69	6%	461.89	6%
Power & Fuel	2,183.19	23%	1,598.67	21%
Outward Freight charges on Cement etc.	1,401.71	15%	1,070.30	14%
Depreciation & Amortisation	475.30	5%	392.68	5%
Other Expenditure	2,125.59	22%	1,864.86	24%
Interest Expenses	96.91	1%	56.78	1%
Profit before Tax	1,540.42	16%	1,461.45	19%

Components of Net Sales (%)



1. Net Sales:

Figures in ₹ Crore

	2011	2010	Change	Change %
Sale of Products and Services (Gross)	10,478.39	8,563.71	1,914.68	22.36%
Less - Excise Duty	1,039.73	846.38	193.35	22.84%
Sale of Products and Services (Net)	9,438.66	7,717.33	1,721.33	22.30%

Net sales has increased due to following:-

- Cement Sales volume during the current year at 23.73 million tonnes recorded an increase of 11.46% over previous year.

2. Operating and other income:

Figures in ₹ Crore

	2011	2010	Change	Change %
Other Operating Income	221.63	258.45	(36.82)	-14.25%
Other Income	191.91	98.48	93.43	94.87%

Other Operating Income has decreased due to decrease in sale of surplus generated power.

Other Income is increased primarily on account of increase in interest received on bank deposits as well as profit on sale of current investments.

3. Purchase of Trading Cement:

Figures in ₹ Crore

	2011	2010	Change	Change %
Purchase of Trading Cement	169.78	117.63	52.15	44.33%

Purchase of Trading Cement has increased due to increase in quantity by 40% from 0.30 to 0.42 million tonnes.

4. Raw Materials Consumed:

Figures in ₹ Crore

	2011	2010	Change	Change %
Raw Materials Consumed	1,428.00	1,106.58	321.42	29.05%

Consumption of Raw Materials has increased due to following:-

- Cement production during the current year at 23.46 million tonnes recorded an increase of 11% over previous year, this was made possible by stabilization of recently added capacity at chanda and wadi, coupled with enhanced availability from other plants.

- Steep escalations in major input cost such as Gypsum and Fly ash as well as increase in freight cost on inter unit clinker transfer.

5. Power and Fuel:

Figures in ₹ Crore

	2011	2010	Change	Change %
Power and Fuel	2,183.19	1,598.67	584.52	36.56%

Power and Fuel cost has increased due to following:-

- Clinker production increased by 18% over the previous year.
- Steep escalations in the cost of imported and domestic coal:-
 - Average Imported coal price increased by 21%.
 - Increase in domestic coal prices w.e.f. March 01, 2011 by Coal India Limited, the average domestic coal price increased by 23%.
- Increase in power tariff by 13%.
- The impact of increase in prices of different grades of coal was partially offset by improvement in consumption norms and improved efficiency of equipment. All of these have resulted in reduction of power consumption from 105.95 kwh/t of cement to 92.92 kwh/t.

6. Personnel Expenses:

Figures in ₹ Crore

	2011	2010	Change	Change %
Personnel Expenses	525.69	461.89	63.80	13.81%

Personnel expenses increased due to normal increments and platinum jubilee incentive paid during the current year. Increase in employee cost is partially offset by lower provision of retirement benefits as the Company has recognised a debit of ₹ 28.10 Crore (Previous Year - ₹ 53.50 Crores).

7. Outward Freight Charges on Cement etc.:

Figures in ₹ Crore

	2011	2010	Change	Change %
Outward Freight Charges on Cement etc.	1,401.71	1,070.30	331.41	30.96%

Freight charges increased on account of following:-

- Increase in cement dispatches.
- Increase in freight rates by 12% from ₹ 660 per ton to ₹ 742 per ton, linked with diesel prices.

8. Other Expenses:

Figures in ₹ Crore

	2011	2010	Change	Change %
Packing Materials consumed	343.64	268.55	75.09	27.96%
Repairs	455.45	474.03	(18.58)	-3.92%
Royalty	138.19	116.59	21.60	18.53%
Loading, Transportation and other charges	237.03	186.21	50.82	27.29%
Discount, Rebates and Allowances	84.00	80.08	3.92	4.90%
Rates and Taxes	100.22	97.20	3.02	3.11%
Advertisement	106.90	77.00	29.90	38.83%
Excise Duties	103.94	115.14	(11.20)	-9.73%
Rent	18.96	19.75	(0.79)	-4.00%
Insurance	18.58	18.32	0.26	1.42%
Stores and Spare parts Consumed	14.53	11.30	3.23	28.58%
Commission on Sales	26.47	23.64	2.83	11.97%
Miscellaneous Expenses	476.38	371.26	105.12	28.31%
Provision for Bad and Doubtful Debts and Advances	1.31	5.79	(4.48)	-77.37%
TOTAL	2,125.60	1,864.86	260.74	13.98%

Other expenses has increased on account of following:-

- Packing Materials cost has increase due to increase in bags consumed for cement dispatches by 11% as well as increase in price of bags by 16%.
- Royalty charges increased due to 18% increase in limestone quantity extracted.
- Advertisement Expenses increased due to spending on improving the brand visibility as well as expenditure on launching of new value added premium products.
- Miscellaneous Expense has gone up by 28.31% due to increase in third party services on account of trainings, tax, IT, various excellence projects and others.

9. Depreciation and Amortisation:

Figures in ₹ Crore

	2011	2010	Change	Change %
Depreciation and Amortisation	475.30	392.68	82.62	21.04%

There is increase in depreciation on account of assets capitalization of ₹ 1,589.64 Crore as compared to ₹ 1,333.66 Crore in the previous year.

During the current year there is commissioning of chanda expansion and other capitalizations.

10. Interest Expenses:

Figures in ₹ Crore

	2011	2010	Change	Change %
Interest Expenses	96.91	56.78	40.13	70.68%

Interest Expenses has increased due to decrease in interest capitalization by ₹ 35.32 Crore as compared to previous year.

11. Fixed Assets:

Figures in ₹ Crore

	2011	2010	Change	Change %
Net Fixed Assets	6,207.53	5,082.44	1,125.09	22.14%
Capital Work in progress	435.32	1,562.80	(1,127.48)	-72.14%

Net Fixed Assets increased mainly due to commissioning of expansion at chanda having 7,000 tons per day capacity and other capitalizations.

12. Investments:

Figures in ₹ Crore

	2011	2010	Change	Change %
Investments	1,624.95	1,702.67	(77.72)	-4.56%

There is decrease in Investments on account of following:-

- Decrease in current investment by ₹ 127.71 Crore as compared to previous year.
- During the current year, the Company has subscribed ₹ 50 Crore to Equity Share Capital of its wholly owned subsidiary, ACC Concrete Limited.

13. Inventories:

Figures in ₹ Crore

	2011	2010	Change	Change %
Stock-in-trade and Stores & Spares	1,099.70	914.98	184.72	20.19%

Inventories has increased by due to followings:-

- Inventory of Raw materials was higher by 13% due to increase in volume and price of Gypsum.
- Increase in prices of coal led to increase in Coal inventory by 38.21%.
- Increase in prices of raw materials and fuel led to increase in value of finished and semi-finished products by ₹ 94.39 Crore.

14. Sundry Debtors:

Figures in ₹ Crore

	2011	2010	Change	Change %
Sundry Debtors	260.41	178.28	82.13	46.07%

There is increase in Sundry Debtors as compared to previous year. During the current year, provision of ₹ 29.34 Crore written back pertaining to sales tax matter made in earlier years. The average collection days outstanding for cement sales as on December 31, 2011 is 4.60 as compared to 4.37 as on December 31, 2010.

15. Other Current Assets:

Figures in ₹ Crore

	2011	2010	Change	Change %
Other Current Assets	15.01	56.12	(41.11)	-73.25%

During the current year, the Other Current Assets have gone down as compared to previous year.

16. Loans and Advances:

Figures in ₹ Crore

	2011	2010	Change	Change %
Loans and Advances	590.26	623.94	(33.68)	-5.40%

Loans and Advances marginally decreased due to following:-

- Decrease in loans and advances to subsidiary companies by ₹ 30.36 Crore as compared to previous year.
- Decrease in advances to suppliers by ₹ 21.95 Crore as compared to previous year.
- Increase in deposits with railways, Govt bodies and others by ₹ 19.08 Crore.

17. Current Liabilities:

Figures in ₹ Crore

	2011	2010	Change	Change %
Current Liabilities	2,610.36	2,250.55	359.81	15.99%

Current Liabilities have increased as compared to previous year on account of higher provision for marketing and sales expenses, which in turn is arising out of higher sales volume during the current year and increase in provision for expenses in line with increase in production.

18. Provisions:

Figures in ₹ Crore

	2011	2010	Change	Change %
Provisions	1,054.02	1,495.87	(441.85)	-29.54%

Provisions has decreased due to followings:-

- Employee benefits provision has increased by ₹ 16.42 Crore on account of change in discount rate as well as change in assumption for salary escalation rates.
- Decrease in provision for income tax by ₹ 382.06 Crore (₹ 227.97 Crore written back pertaining to earlier years).

19. Loan Funds:

Figures in ₹ Crore

	2011	2010	Change	Change %
Secured Loans	500.00	509.93	(9.93)	-1.95%
Unsecured Loans	10.73	13.89	(3.16)	-22.75%

There is marginal decrease in Loan funds on account of repayment of loans.

20. Cash Flow:

Figures in ₹ Crore

	2011	2010	Change	Change %
Net Cash Flow From Operating Activities	1,577.38	1,935.38	(358.00)	-18.50%

The Net Cash From Operating Activities is decreased due to following:-

- Increase in Direct taxes paid (net) during the current year.
- Higher operating EBITDA during the current year.
- Decrease in net working capital.

Figures in ₹ Crore

	2011	2010	Change	Change %
Net Cash Flow From Investing Activities	264.24	812.25	(548.01)	-67.47%

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

- Decreased in cash outflow for Capex purpose by ₹ 365.16 Crore.
- Increase in interest received by ₹ 83.88 Crore.

Figures in ₹ Crore

	2011	2010	Change	Change %
Net Cash Flow From Financing Activities	768.32	621.39	146.93	23.65%

The Net Cash From Financing Activities is increased by due to higher payment of dividend and dividend distribution tax as compared to previous year.