

## 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

	2012	% of Net sales	2011	% of Net sales
<b>Revenue from operations (net)</b>	<b>11,357.96</b>	<b>100%</b>	<b>9,660.29</b>	<b>100%</b>
Other income	264.82	2%	191.91	2%
Cost of material consumed	1,605.52	14%	1,140.30	12%
Purchase of stock-in-trade	158.75	1%	169.78	2%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.02	0%	(94.39)	-1%
Employee benefits expense	616.65	5%	533.01	5%
Power and fuel	2,382.26	21%	2,183.30	23%
Freight and Forwarding expense	2,233.36	20%	1,894.44	19%
Finance costs	114.65	1%	96.91	1%
Depreciation and amortization expense	558.88	5%	475.30	5%
Other expenses	2,145.82	19%	1,913.13	20%
<b>Profit before exceptional item and tax</b>	<b>1,786.87</b>	<b>16%</b>	<b>1,540.42</b>	<b>16%</b>

Note – On account of amalgamation of wholly owned subsidiaries, ACC Concrete Limited and Encore Cement and Additives Private Limited with the Company, the figures for the year ended December 31, 2012 are strictly not comparable with previous year.

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

Figures in ₹ Crore

	2012	2011	Change	Change%
Cement and Clinker	10,513.38	9,417.22	1,096.16	12%
Ready Mix Concrete	605.80	-	605.80	100%
Sale of services	11.27	12.40	(1.13)	-9%
Other operating revenue	227.51	230.67	(3.16)	-1%
<b>TOTAL</b>	<b>11,357.96</b>	<b>9,660.29</b>	<b>1,697.67</b>	<b>18%</b>

Revenue from operations has increased due to following:-

- Net sale of cement and clinker has registered a growth of 12% mainly on account of improved sales realisation.
- The Company has achieved a sales volume of 24.11 million tonnes of cement during the year. This represented only marginally growth of 1.60% owing to difficult market conditions in the latter part of the year.

**2. Other Income:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Other income</b>	<b>264.82</b>	<b>191.91</b>	<b>72.91</b>	<b>37.99%</b>

- The increase in other income is attributable to return on surplus cash invested.

**3. Cost of material Consumed:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Cost of material consumed</b>	<b>1,605.52</b>	<b>1,140.30</b>	<b>465.22</b>	<b>40.80%</b>

Cost of material consumed has increased due to following:-

- Cement production during the current year at 24.12 million tonnes recorded an increase of 3% over previous year.
- Escalations in major input cost such as Gypsum, slag and fly ash.

**4. Purchase of Traded goods:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Cement	92.20	169.78	(77.58)	-46%
Ready mix concrete	66.55	-	66.55	100%
<b>TOTAL</b>	<b>158.75</b>	<b>169.78</b>	<b>(11.03)</b>	<b>-6%</b>

- Previous year figures of traded cement includes an amount of ₹ 73 Crore, relating to cement purchased from subsidiary company Encore Cement, which is amalgamated during the year.

**5. Power and Fuel:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Power and fuel</b>	<b>2,382.26</b>	<b>2,183.30</b>	<b>198.96</b>	<b>9.11%</b>

Power and fuel cost has increased marginally due to following:-

- Increase in power tariff by 13.60%.
- During the current year consumption of imported coal has increased due to short receipt of linkage coal.
- The impact of increase in power tariff and coal cost is partially offset by improvement in consumption norms and improved efficiency of equipment. All of these have resulted in reduction of power consumption from 92.92 kwh/t of cement to 87.51 kwh/t.
- Clinker production decreased by 3% over the previous year.

## 6. Employee benefit expense:

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Employee benefit expense</b>	<b>616.65</b>	<b>533.01</b>	<b>83.64</b>	<b>15.69%</b>

- Employee benefit expenses increased due to normal increments in salary.
- The Company has recognized an additional expense of ₹ 13.04 Crore as compared to previous year, relating to provision for retirement benefits. The additional expense is on account of change in actuarial assumption factors.

## 7. Freight and Forwarding expense:

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Freight and Forwarding expense</b>	<b>2,233.36</b>	<b>1,894.44</b>	<b>338.92</b>	<b>17.89%</b>

- Freight and Forwarding expense has increased mainly due to increase in freight rates by 12% from ₹ 742.04 per ton to ₹ 829.52 per ton. The increase was mainly on account of higher diesel prices and surcharges imposed by railways.

## 8. Other Expenses:

Figures in ₹ Crore

	2012	2011	Change	Change%
Consumption of packing materials	381.53	344.94	36.59	10.61%
Repairs	515.74	455.45	60.29	13.24%
Royalties	130.85	138.19	(7.34)	-5.31%
Discount, Rebates and Allowances	83.16	84.00	(0.84)	-1.00%
Rates and Taxes	115.66	109.29	6.37	5.83%
Advertisement	102.58	106.90	(4.32)	-4.04%
Excise Duties	88.47	103.94	(15.47)	-14.88%
Rent	31.59	18.96	12.63	66.61%
Insurance	24.67	18.58	6.09	32.78%
Consumption of stores and spares	33.03	36.04	(3.01)	-8.35%
Miscellaneous Expenses	638.54	496.84	141.70	28.52%
<b>TOTAL</b>	<b>2,145.82</b>	<b>1,913.13</b>	<b>232.69</b>	<b>12.16%</b>

Other expenses has increased on account of following:-

- Consumption of packing material cost has increased mainly due to increase in price of bags.
- Repairs expenditure has increased on account of maintenance activities carried out at various locations.
- Rent expense increased by ₹ 12.44 Crore due to amalgamation of ACC concrete Limited.
- Miscellaneous expense has gone up due to increase in third party services on account of trainings, tax, IT, various excellence projects and others.

**9. Depreciation and Amortization expense:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Depreciation and Amortization expense</b>	<b>558.88</b>	<b>475.30</b>	<b>83.58</b>	<b>17.58%</b>

There is increase in depreciation on account of followings:-

- Effective January 01, 2012, the Company has with retrospectively effect changed its method of providing depreciation on fixed assets pertaining to its Captive Power Plants from the 'Straight Line' to the 'Written Down Value'. Accordingly additional depreciation charge for the year ended December 2012 is ₹ 28.70 Crore.
- Further, additional depreciation charge of ₹ 335.38 Crore relating to the period upto December 31, 2011 has been disclosed as an exceptional item.

**10. Finance costs:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Finance cost</b>	<b>114.65</b>	<b>96.91</b>	<b>17.74</b>	<b>18.31%</b>

- Finance costs comprise interest on debenture, interest on income tax and other interest. Finance cost has increased due to increase in interest on income tax.

**11. Fixed Assets:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Tangible assets	5,858.86	6,206.26	(347.40)	-5.60%
Intangible assets	5.01	1.27	3.74	294.49%
Capital Work in progress	311.30	365.63	(54.33)	-14.86%

- Effective January 01, 2012, the Company has with retrospectively effect changed its method of providing depreciation on fixed assets pertaining to its Captive Power Plants from the 'Straight Line' to the 'Written Down Value' method. Accordingly, the Company has recognized an additional depreciation charge of ₹ 364.08 Crore.
- Capital work-in-progress has gone down mainly on account of capitalisation of Wadi Captive Power Plant.

**12. Investments:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Non-current investments	194.67	445.10	(250.43)	-56%
Current investments	2,358.88	1,179.85	1,179.03	100%
<b>TOTAL</b>	<b>2,553.55</b>	<b>1,624.95</b>	<b>(928.60)</b>	<b>-57%</b>

Non-current investments has decreased due to followings:

- Decrease in investment by ₹ 261.78 Crore due to amalgamation of subsidiary Companies, ACC Concrete Limited and Encore Cement and Additives Private Limited.
- During the current year, the company has acquired 100% stake in Singhania Minerals Private Limited for a total consideration of ₹ 5 Crore.

Current investment has increased due to increase in investments of surplus cash.

### 13. Loans and Advances:

Figures in ₹ Crore

	2012	2011	Change	Change%
Long-term loans and advances	564.20	447.88	116.32	26%
Short-term loans and advances	323.29	332.32	(9.03)	-3%
<b>TOTAL</b>	<b>887.49</b>	<b>780.20</b>	<b>107.29</b>	<b>40%</b>

- Long-term loans and advances increased mainly due to increase in capital advances for Jamul expansion project.

### 14. Inventories:

Figures in ₹ Crore

	2012	2011	Change	Change%
Stores & Spare Parts and Packing Material	286.02	236.37	49.65	21%
Other inventories	847.53	863.17	(15.64)	-2%
<b>TOTAL</b>	<b>1,133.55</b>	<b>1,099.54</b>	<b>34.01</b>	<b>3%</b>

Inventories have increased due to followings:

- Packing material inventory increased due to increase in price of Bags price by 7%.
- Increase in stores & spares parts are due to planned maintenance activity for next year.
- Other inventories have gone down mainly on account of decrease in finished goods.

### 15. Trade receivables:

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Trade receivables</b>	<b>303.45</b>	<b>187.74</b>	<b>115.71</b>	<b>62%</b>

- The average collection days outstanding for cement sales as on December 31, 2012 is 4.59 as compared to 4.10 as on December 31, 2011 and similarly for RMX sales is 45 days.

**16. Other assets:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Other non-current assets	165.84	56.14	109.70	195%
Other current assets	28.80	15.00	13.80	92%
<b>TOTAL</b>	<b>194.64</b>	<b>71.14</b>	<b>123.50</b>	<b>174%</b>

Other non-current assets have gone up due to accrual of incentive receivables from Government under various incentives schemes.

**17. Long-term borrowings:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Secured borrowings	82.00	500.00	(418.00)	-83.60%
Unsecured borrowings	3.03	6.08	(3.05)	-50.16%
<b>TOTAL</b>	<b>85.03</b>	<b>506.08</b>	<b>(421.05)</b>	<b>-83.20%</b>

During the current year, the Company has bought back non-convertible debentures of ₹ 343 Crore and current maturities of debentures of ₹ 75 Crore is shown under other current liabilities.

**18. Other Liabilities:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Other Long-term liabilities	381.09	372.26	8.83	2.37%
Other current liabilities	1,515.81	1,517.06	(1.25)	-0.08%
<b>TOTAL</b>	<b>1,896.90</b>	<b>1,889.32</b>	<b>7.58</b>	<b>0.40%</b>

Other liabilities have increased marginally as compared to previous year.

**19. Provisions:**

Figures in ₹ Crore

	2012	2011	Change	Change%
Long-term provisions	157.21	123.06	34.15	28%
Short-term provisions	1,226.88	1,049.94	176.94	17%
<b>TOTAL</b>	<b>1,384.09</b>	<b>1,173.00</b>	<b>211.09</b>	<b>18%</b>

- Long-term provisions have gone up due to increase in provision for employee benefits. The increase is on account of change in actuarial assumption factors.
- Short term provisions has increased mainly due to increase in provision for Income Tax by ₹ 127.07 Crore as compared to previous year.

**20. Trade Payables:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Trade payables</b>	<b>660.49</b>	<b>710.26</b>	<b>(49.77)</b>	<b>-7.01%</b>

- Trade payables have decreased marginally as compared to previous year.

**21. Cash Flow:**

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Net cash flow from operating activities</b>	<b>1,577.00</b>	<b>1,571.31</b>	<b>5.69</b>	<b>0.36%</b>

The net cash from operating activities is marginally increased as compared to previous year due to followings:-

- The operating profit before working capital changes and income tax during current year is ₹ 2,228 Crore, as compare to ₹ 1,909 Crore in previous year, as a result of higher operating profits during the current year.
- Cash outflow on income tax paid is ₹ 206 Crore, as compare to ₹ 416 Crore in previous year.
- During the current year working capital is increase by ₹ 446 Crore, as compare to ₹ 78 Crore decrease in the previous year.

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Net cash flow from investing activities</b>	<b>310.65</b>	<b>258.24</b>	<b>52.41</b>	<b>20.30%</b>

During the current year, net cash from investing activities has increased due to following:-

- Increase in outflow for purchase of fixed assets mainly on account of Capital advances for Jamul expansion project.
- Increase in return on investments of surplus cash by ₹ 58 Crore.

Figures in ₹ Crore

	2012	2011	Change	Change%
<b>Net cash flow from financing activities</b>	<b>1,066.02</b>	<b>768.32</b>	<b>297.70</b>	<b>38.75%</b>

- During the current year, the Company has bought back non-convertible debentures of ₹ 343 crore.