FINANCIAL ANALYSIS OF ACC LIMITED (STANDALONE):

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

Figures in ₹ Crore

	2014	% of Revenue from operations	2013	% of Revenue from operations
Revenue from operations (net)	**11,738.21**	**100.00%**	**11,149.61**	**100%**
Other income	268.28	2.29%	285.67	2.56%
Cost of material consumed	1,788.31	15.23%	1,608.80	14.43%
Purchase of traded goods	194.33	1.66%	161.10	1.44%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(11.28)	-0.10%	6.53	0.06%
Employee benefits expense	746.59	6.36%	661.27	5.93%
Power and fuel	2,441.82	20.80%	2,375.97	21.31%
Freight and Forwarding expense	2,598.33	22.14%	2,308.87	20.71%
Finance costs	82.76	0.71%	113.55	1.02%
Depreciation and amortization expense	557.58	4.75%	573.95	5.15%
Other expenses	2,472.85	21.07%	2,398.28	21.51%
Profit before tax	**1,135.20**	**9.67%**	**1,226.96**	**11.00%**

1. REVENUE FROM OPERATIONS (NET):

Figures in ₹ Crore

	2014	2013	Change	Change%
Cement and Clinker	10,720.28	10,233.17	487.11	4.76%
Ready Mix Concrete	740.80	639.63	101.17	15.82%
Sale of services	19.97	16.28	3.69	22.67%
Other operating revenue	257.16	260.53	(3.37)	-1.29%
Revenue from operations (net)	**11,738.21**	**11,149.61**	**588.60**	**5.28%**

Revenue from operations has increased by 5% due to following reasons:-

- Net sale of cement and clinker has registered a growth of 5% mainly on account of improved realization by 4% in 2014 over 2013. The Company achieved a sales volume of 24.21 million tonnes of cement during the year as compared to 23.93 million tonnes in the previous year. This represented only marginal growth of 1.20% owing to difficult market conditions.
- Sale volume of Ready Mixed Concrete has increased by 18% from 18 Lakh cubic meters to 21.24 Lakh cubic meters.
- Other operating revenue consists of accrual of incentives and subsidies receivable from governments under incentive schemes, write back of provision which is no longer required, scrap sales and other miscellaneous income. There is no significant movement in the other operating revenue as compared to the previous year due to following compensating elements:-
  - Write back of provision which is no longer required has increased by ₹ 32 Crore as compared to the previous year.
  - In the previous year, additional incentives and subsidies of ₹ 24 Crore was accrued in Chaibasa Plant due to favourable order from Jharkhand High Court.

2. OTHER INCOME:

Figures in ₹ Crore

	2014	2013	Change	Change%
Other Income	268.28	285.67	(17.39)	-6.09%

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

- During the year, the Company has utilized the surplus cash for Jamul and Sindri Projects which has resulted into lower interest income and gain on sale of investment by ₹ 42 Crore in current year over previous year.
- During the year, the Company has written back ₹ 69 Crore (*Previous year - ₹ 40 Crore*) towards interest on income tax relating to earlier years.

3. COST OF MATERIAL CONSUMED:

Figures in ₹ Crore

	2014	2013	Change	Change%
Cost of material consumed	1,788.31	1,608.80	179.51	11.16%

Cost of material consumed has increased due to the following reasons:

- Cement production during the current year at 24.24 million tonnes recorded an increase of 1.6% over previous year.
- Ready Mixed Concrete production has increased by 23% from 15.96 Lakh cubic meters to 19.65 Lakh cubic meters.
- Fly ash prices increased by 11% due to non availability of fly ash from nearby sources.
- Consequent to an order of Hon'ble Supreme Court restraining mining under deemed extension of second and subsequent renewals of mining leases, limestone mining operation at Chaibasa and Bargarh plants remained temporarily suspended during Q4 2014, which has resulted in an exceptional increase in input cost on account of purchase of clinker and limestone.
- Increase in major input cost has partly been offset by reduction in slag prices by 17%.
- The Company continues to focus on cost optimization through its Institutionalizing Excellence programme.

4. PURCHASE OF TRADED GOODS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Cement	121.91	68.60	53.31	77.71%
Ready mix concrete	72.42	92.50	(20.08)	-21.71%
TOTAL	194.33	161.10	33.23	20.63%

Purchase of cement has increased due to increase in purchase quantity from 0.30 to 0.39 million tonnes.

- Purchase of cement from Ambuja Cements Limited has increased by ₹ 65 Crore.
- The Company has discontinued the trading of cement from Shiva Cement Limited from last quarter of previous year which has resulted into decrease in cement purchase by ₹ 20 Crore as compared to previous year.

5. POWER AND FUEL:

Figures in ₹ Crore

	2014	2013	Change	Change%
Power and Fuel	**2,441.82**	**2,375.97**	**65.85**	**2.77%**

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

- Coal cost for kiln increased by 3.6% in 2014 over 2013 due to drop in linkage coal procurement in view of shortage of rakes and thereby resulting in higher procurement of imported and e-auction coal.
- Coal cost for captive power plants increased by 10% mainly due to the limited availability of CPP grade linkage coal and resulting in higher procurement of e-auction / imported coal.

Increase in power and fuel cost has been partially offset due to following elements:

- The gain in cost has been achieved with improved operating efficiencies of kiln & captive power plants, reduction in electrical energy consumption and benefits derived from Waste Heat Recovery System (WHRS) - Gagal operations.
- Clinker production has decreased by 2% over the previous year.
- Reduction in coal consumption at Bargarh and Chaibasa plants due to temporary suspension of limestone mining operation.
- Power consumption is 84.60 kwh/t as compared to 85 kwh/t in the previous year.

6. EMPLOYEE BENEFITS EXPENSE:

Figures in ₹ Crore

	2014	2013	Change	Change%
Employee benefits expense	**746.59**	**661.27**	**85.32**	**12.90%**

Employee benefits expense has increased due to following reasons:

- Retirement benefits provision has increased due to decrease in discounting rate from 8.85% to 7.90%. Total impact of increase in employee benefit provision / expenses are approx ₹ 28 Crore as compared to previous year.
- Normal hike in salary and provision regarding wage hike for Shop Floor Associates w.e.f. April 01, 2014.

7. FREIGHT AND FORWARDING EXPENSE :

Figures in ₹ Crore

	2014	2013	Change	Change%
On inter unit Clinker transfer	393.81	277.52	116.29	41.90
On finished products - Cement	2,136.50	1,973.59	162.91	8.25%
Ready mixed Concrete	68.02	57.76	10.26	17.76%
TOTAL	**2,598.33**	**2,308.87**	**289.46**	**12.54%**

Freight and Forwarding expenses has increased due to following reasons:

- Freight on clinker transfer has gone up mainly on account of long lead movement of clinker for Bargarh and Chaibasa Plants on account of temporary suspension of limestone mining operations and hike in rail freight.
- Freight on cement has gone up due to increase in cement sale volume and hike in rail & road freight, offset by improvement in logistics operational efficiencies.

8. OTHER EXPENSES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Consumption of packing materials	483.67	434.15	49.52	11.41%
Repairs	171.54	161.44	10.10	6.26%
Royalty on Minerals	129.82	118.28	11.54	9.76%
Discount on sales	93.27	88.28	4.99	5.65%
Rates and Taxes	141.13	120.13	21.00	17.48%
Advertisement	106.82	116.07	(9.25)	-7.97%
Excise Duties	4.37	6 .47	(2.10)	-32.46%
Rent	33.83	30.51	3.32	10.88%
Insurance	24.62	25.29	(0.67)	-2.65%
Consumption of Stores and spares	361.99	375.49	(13.50)	-3.60%
Technology and Know-how fees	112.91	107.66	5.25	4.88%
Miscellaneous Expenses	826.54	821.97	4.57	0.56%
TOTAL	**2,490.51**	**2,405.74**	**84.77**	**3.52%**

Other expenses has increased on account of following reasons:-

- Consumption of packing material cost has increased mainly due to increase in average price of bags by 6%.
- Royalty on limestone has increased due to increase in royalty rate from ₹ 63 to ₹ 80 from Q3 2014. This increase is partially offset by decrease in extraction of limestone in Chaibasa and Bargarh plant due to temporary suspension of limestone mining operation.
- Rates and Taxes have increased mainly due to additional goods tax rate in Himachal Pradesh which has increased from ₹ 130/ton to ₹ 150/tonne from Oct 2013. Entry tax on cement has also increased due to Local body tax in the state of Maharashtra.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd. for technical support received by the Company.
- Continued focus on reduction in fixed cost helped in restricting the increase in miscellaneous expenses cost by 0.56% only, in 2014 on a YOY basis.

9. DEPRECIATION AND AMORTIZATION EXPENSE:

Figures in ₹ Crore

	2014	2013	Change	Change%
Depreciation and Amortization expense	**557.58**	**573.95**	**(16.37)**	**-2.85%**

Depreciation expense has decreased due to following reasons:

- Depreciation on Captive Power Plant and its related assets are provided using the written-down value method.
- Reduction in depreciation on account of retirement of assets and useful life of some assets are fully depreciated in the previous year.
- Decrease in depreciation due to reasons stated above has been partly offset by depreciation on assets capitalised during the year.

10. FINANCE COSTS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Finance costs	48.70	51.67	(2.97)	-5.75%
Interest on income tax	34.06	61.88	(27.82)	-44.96%
TOTAL	**82.76**	**113.55**	**(30.79)**	**-27.12**

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

- During the year, the Company has redeemed debentures of ₹ 32 Crore. Interest on debentures has decreased by ₹ 3.92 Crore as compared to the previous year.
- Interest on Income tax has decreased by ₹ 27.82 Crore.

11. FIXED ASSETS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Tangible assets	5,597.75	5,503.13	94.62	1.72%
Intangible assets	0.64	0.83	(0.19)	-22.89%
Capital Work in progress	1,914.63	819.61	1,095.02	133.60%
TOTAL	**7,513.02**	**6,323.57**	**1,189.45**	**18.81%**

- Marginal increase in tangible assets is due to capitalization of Waste Heat Recovery System (WHRS) at Gagal, Coal handling system at Wadi and purchase of mining and non-mining freehold land for projects.
- Capital work-in-progress has gone up mainly on account of capital expenditure incurred for Jamul and Sindri projects.
  - Jamul Project – The clinkering project for 2.79 million tonnes per annum and grinding unit project for 1.1 million tonnes per annum is progressing satisfactorily and expected to be completed in 2015.
  - Sindri Project – The grinding unit project at Sindri for 1.35 million tonnes per annum is expected to be completed in 2015.

12. INVESTMENTS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Non-current investments	290.90	176.81	114.09	64.52%
Current investments	1,282.08	2,017.21	(735.13)	-36.44%
TOTAL	**1,572.98**	**2,194.02**	**(621.4)**	**-28.31%**

- During the current year, the Company has converted inter corporate deposit given to its subsidiary AMRL into equity shares of ₹ 117 Crore.
- Current investment has decreased due to surplus fund used for Jamul and Sindri projects.

13. LOANS AND ADVANCES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Long-term loans and advances	855.56	866.83	(11.27)	-1%
Short-term loans and advances	383.92	359.39	24.53	7%
TOTAL	**1,239.48**	**1,226.22**	**13.26**	**1%**

- Long-term loans and advances decreased mainly due to decrease in Capital advance for Jamul and Sindri projects which is partly offset by increase in Advance of income tax (Net)

Short term loans and advance has increased due to following reasons:

- Advances for supply of Raw material has gone up by ₹ 30 Crore. This is mainly due to increase in advance for supply of linkage coal.
- Increase in balance with statutory / government authorities by ₹ 25 Crore is mainly due to the increase in cenvat credit.
- Increase is partially offset by reduction in Loans and advances to related parties by ₹ 34 Crore due to repayment of loan by Subsidiary Company AMRL.

14. INVENTORIES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Raw Materials	139.07	132.90	6.17	5%
Work-in-Progress	240.32	252.85	(12.53)	-5%
Finished Goods	153.75	129.82	23.93	18%
Stock-in-trade	0.37	0.49	(0.12)	-24%
Stores & Spare Parts	262.53	274.64	(12.11)	-4%
Packing Material	20.02	21.49	(1.47)	-7%
Fuels	439.53	309.28	130.25	42%
TOTAL	**1,255.59**	**1,121.47**	**134.12**	**12%**

Fuel inventory has increased mainly due to stoppage of clinkerisation activity at Chaibasa and Bargarh plants which was due to temporary suspension of limestone mining operation.

15. TRADE RECEIVABLES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Trade receivables – Cement	244.77	269.53	(24.76)	-9%
Trade receivables - Ready Mixed Concrete	165.94	127.69	38.25	30%
TOTAL	**410.71**	**397.22**	**13.49**	**3%**

- Trade receivable for cement has decreased due to better realization. The average collection days outstanding for cement sales as on December 31, 2014 is 5 as compared to 6 as on December 31, 2013.
- Increase in concrete business trade receivable in 2014 is mainly due to increase in sales.
- The average collection days outstanding for concrete business as on December 31, 2014 is 59 as compared to 62 as on December 31, 2013.

16. OTHER ASSETS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Other non-current assets	360.71	308.24	52.47	17%
Other current assets	14.54	19.47	(4.93)	-25%
TOTAL	**375.25**	**327.71**	**47.54**	**15%**

- During the current year, the other non-current assets have gone up due to accrual of incentive receivables from government under various incentives schemes.
- Other current assets have gone down due to decrease in interest accrued on investments.

17. OTHER CURRENT LIABILITIES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Current maturities of long-term borrowings	-	35.03	(35.03)	-100%
Interest accrued but not due on borrowings	-	0.64	(0.64)	-100%
Unpaid dividend & Deposit	31.89	38.06	(6.17)	-16%
Statutory dues	324.27	314.33	9.94	3%
Advance from customers	131.94	144.85	(12.91)	-9%
Security deposits and retention money	624.48	514.35	110.13	21%
Liability for capital expenditure	131.09	70.06	61.03	87%
Other payables	853.04	835.12	17.92	2%
TOTAL	**2,096.71**	**1,952.44**	**144.27**	**7%**

- During the current year, the Company has repaid the borrowing of ₹ 35.03 Crore.
- Liability for capital expenditure has increased due to Jamul and Sindri Projects.

18. PROVISIONS:

Figures in ₹ Crore

	2014	2013	Change	Change%
Long-term provisions	115.94	106.14	9.5	9%
Short-term provisions	937.27	1,063.70	(126.43)	-12%
TOTAL	**1053.21**	**1,169.84**	**(116.63)**	**-10%**

- Long-term provisions have gone up due to increase in provision for employee benefits. The increase is on account of change in discounting rate.

Short term provisions has decreased due to following reasons:

- Increase in provision for Leave encashment by ₹ 19 Crore mainly due to decrease in discounting rate considered for valuation.
- During the year, the Company has written back ₹ 112.75 Crore of provision for income-tax upon completion of assessment and also provision of ₹ 196.48 Crore relating to unassessed years considered no longer necessary (Refer note 40 of Note to the financial statement). Decrease in tax provision is partially offset by provision made during the year.

19. TRADE PAYABLES:

Figures in ₹ Crore

	2014	2013	Change	Change%
Trade payables	**750.23**	**639.20**	**111.03**	**17.37%**

Increase in trade payable is in line with increase in business activities. Trade payables of concrete business has increased by ₹ 34 Crore.

20. CASH FLOW:

Figures in ₹ Crore

	2014	2013	Change	Change%
Net cash flow from operating activities	**1,331.70**	**1,056.23**	**275.47**	**26.08%**

The net cash from operating activities is increased as compared to previous year due to following reasons.

- The cash operating profit before working capital changes has decreased by ₹ 173 Crore.
- Reduction in working capital by ₹ 42 Crore, as compared to an increase by ₹ 193 Crore in the previous year.
- Cash outflow from direct tax paid is ₹ 235 Crore, as compared to ₹ 449 Crore in the previous year.

	2014	2013	Change	Change%
Net cash used for investing activities	**(1,436.69)**	**(857.74)**	**(578.95)**	**67.50%**

- Cash outflow from investment activities has increased mainly on account of purchase of fixed assets for Jamul and Sindri projects.

	2014	2013	Change	Change%
Net cash used for financing activities	**(837.09)**	**(834.47)**	**(2.62)**	**0.31%**

- Payment of dividend and dividend tax increased by ₹ 97 Crore as compared to previous year, increase is offset by lower repayment of borrowings by ₹ 93 Crore as compared to previous year.