ANALYSIS OF STANDALONE FINANCIAL

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

Amount in ` Crore

	2018	% of Revenue from operations	2017	% of Revenue from operations
Net Sales	14,477.47	97.81	12,908.94	97.33
Other operating revenue	323.88	2.19	353.65	2.67
Revenue from operations (net)	**14,801.35**	**100.00**	**13,262.59**	**100.00**
Other Income	138.50	0.94	131.65	0.99
Cost of material consumed	2,370.23	16.01	1,982.52	14.95
Purchase of Stock-in-Trade	89.26	0.60	0.84	0.01
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(124.98)	(0.84)	(14.90)	(0.11)
Employee benefits expense	881.06	5.95	818.95	6.17
Power and fuel	2,998.12	20.26	2,714.45	20.47
Freight and Forwarding expense	4,011.41	27.10	3,450.97	26.02
Finance costs	89.20	0.60	102.30	0.77
Depreciation and amortisation expense	599.64	4.05	640.12	4.83
Other expenses (including net of Excise duty paid and recovery)	2,531.62	17.09	2,400.63	18.09
Profit before tax	**1,494.29**	**10.10**	**1,298.36**	**9.79**
Tax expenses	488.29	3.30	382.91	2.89
Tax adjustments for earlier years	(500.63)	(3.38)	-	-
Profit for the year	**1,506.63**	**10.18**	**915.45**	**6.90**
Other Comprehensive Income for the year, net of tax	(4.85)	(0.03)	2.37	0.02
Total Comprehensive Income for the year	**1,501.78**	**10.15**	**917.82**	**6.92**

Financial results for the year are not comparable with previous year due to following reasons:

(a) Employee benefits expense for the current year includes ` 70 Crore (Previous year - Nil) on account of charge for Employee Separation Scheme.

(b) In the current year, provision for tax of ` 501 Crore relating to earlier years written back.

The Company has demonstrated its capacity to execute multiple strategies and strengthened the culture of protecting its reputation and driving competitive advantage. The Company has delivered a profit after tax of ` 1,006 Crore (excluding tax write back) as compared to ` 915 Crore in 2017.

Over the previous year, net sales growth is 12% and operating EBITDA (excluding severance cost) growth is 11%. This growth was achieved by executing a set of priorities, both on revenue and cost levers, improving efficiency and strengthening our customer & market approach. This enabled the Company to improve the performance continuously over the last several quarters.

The analysis of major items of the financial statements is given below:

1. REVENUE FROM OPERATIONS (NET EXCISE DUTY):

Amount in ` Crore

	2018	2017	Change	Change%
Cement*	13,041.09	11,560.46	1,480.63	12.81
Clinker	130.00	208.00	(78.00)	(37.50)
Ready Mix Concrete	1,299.10	1,131.45	167.65	14.82
Income from services rendered	7.28	9.03	(1.75)	(19.38)
Other operating revenue	323.88	353.65	(29.77)	(8.42)
TOTAL	**14,801.35**	**13,262.59**	**1,538.76**	**11.60**

*Does not include cement sale to RMX

Revenue from operations has increased due to following reasons:

- The Company achieved highest ever sales in current year. The Company's cement sales volume is at 28.37 million tonnes as compared to 26.21 million tonnes during previous year.
- The cement business delivered sales volume growth of 8% as compared to previous year basis driven by stronger demand and greater focus on premium products.
- The cement market continued to witness vigorous price competition. Average selling price of cement increased by 2% in 2018 over 2017 (excluding impact of change in commercial term).
- Continued thrust on promotion of the Company's range of premium products, yielded an increase of about 36% in the sales volume of these products during the year.
- The Company's Ready Mix Concrete (RMX) business showed positive momentum throughout the year, achieving overall growth of 16% in sales volume during the year. Sale of Ready Mix Concrete has increased from 27.10 Lakh Cubic Metres to 31.57 Lakh Cubic Metres.
- During the year, RMX business expanded its footprint by adding 18 new Plants. These Plants are located in high contribution and high EBITDA margin markets across the country. With this addition, the nationwide network of RMX Plants comprises of 75 state-of-the-art Plants.

Other operating revenue includes accrual of incentives from State Governments under incentive schemes, write back of provision which is no longer required, scrap sales and other miscellaneous Income.

Other operating revenue has decreased mainly due to following reason:

- Other operating revenue of previous year included insurance claims of ` 31 Crore on account of breakdown of Property, Plant and Equipment.

2. OTHER INCOME:

Amount in ` Crore

	2018	2017	Change	Change%
Other income	138.50	131.65	6.85	5.20

Other income consists of income on investment of surplus funds, interest on Income Tax, gain on sale and fair valuation of financial assets, dividend from non-current investments and net gain on disposal of Property, Plant and Equipment.

Other income has increased marginally due to following offsetting reasons:

- Interest income on bank deposits and gain on sale of mutual funds has increased by ` 36 Crore due to increase in surplus funds. Cash and cash equivalent has increased by 12% as compared to previous year.
- In the previous year, the Company received interest on Income Tax of ` 15 Crore as a result of conclusion of assessments and other proceedings relating to earlier years.
- In the previous year, the Company sold its investment in Shiva Cement Limited and gain of ` 10 Crore was recorded under Other Income.

3. COST OF MATERIALS CONSUMED:

Amount in ` Crore

	2018	2017	Change	Change%
Cost of materials consumed	2,370.23	1,982.52	387.71	19.56%

Cost of material consumed has increased due to following reasons:

- Cement production has increased by 7% from 26.56 million tonnes to 28.36 million tonnes. Cost of material consumed of cement business has increased from ` 564/t to 624/t (up by 11%).
- Ready Mix Concrete production has increased by 15% from 27.29 Lakh Cubic Metres to 31.29 Lakh Cubic Metres.
- Slag prices up by 55% due to surge in demand and consequential need to procure long lead sources. Overall cost of consumption of slag has increased by ` 138 Crore.
- The landed cost of flyash reduced by 4% as against previous year on account of increased usage of cheaper wet flyash and through source-mix optimization.
- Increased usage of cheaper activated gypsum and procurement from cheaper sources helped in reducing the gypsum cost by 5%.
- Purchase of clinker has increased by ` 95 Crore and purchase of limestone has decreased by ` 30 Crore.
- Sustained efforts were made to improve flyash absorption which enabled the Company to reduce the clinker factor by producing a higher share of blended cements which in turn had a positive impact on the contribution despite sharp rise in the cost of slag as stated above.

4. CHANGES IN INVENTORIES:

Amount in ` Crore

	2018	2017	Change	Change%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(124.98)	(14.90)	(110.08)	738.79%

- Movement of change in inventories is mainly on account of increase in finished goods stock as compared to previous year. Inventory of finished goods is ` 293 Crore as on December 31, 2018 as compared to ` 161 Crore in December 31, 2017.

5. EMPLOYEE BENEFITS EXPENSE:

Amount in ` Crore

	2018	2017	Change	Change%
Employee benefit expense	881.06	818.95	62.11	7.58

Employee costs registered an increase of 7.58% due to following reasons:

- During the current year, the Company has incurred an amount of ` 70 Crore on account of Employee Separation Scheme to improve the manpower productivity.
- Increase in employee benefits expenses due to normal annual increments with effect from April 01, 2018.
- The Company has achieved the employee cost optimization by delivering strategic change and putting in place the operational capabilities. This helped the Company in reducing the employee cost. Employee head counts have also reduced from 7,422 in 2017 to 6,731 in 2018.

6. POWER AND FUEL:

Amount in ` Crore

	2018	2017	Change	Change%
Power and Fuel	2,998.12	2,714.45	283.67	10.45

Power and fuel cost has increased due to following reasons:

- Clinker production is almost at previous year level. Power and Fuel cost of cement business has increased from ` 1030/t to 1051/t (up 2%). Power cost per tonne of clinker production has increased by 10%.
- Overall fuel cost has been impacted adversely due to increase in fuel prices. Imported petcoke price has increased by 22% from previous year. Landed cost of imported and domestic coal has also increased in the range of 9% to 12%.
- The Company continued fuel mix optimization during the year. Considering the higher pet coke prices, usage of domestic coal has increased to 28% in 2018 as compared to 25% in 2017. Usage of pet coke has reduced to 64% as compared to 67% in 2017.
- The cost of generation at our thermal power plants (TPP) has gone up by 7% to ` 5.39 per Kwh in 2018 against ` 5.05 per Kwh in 2017, mainly due to increase in CPP coal prices and non-availability of linkage coal.
- The average cost of purchased power during the year is ` 6.43 per kwh as compared to ` 6.53 per kwh in the previous year.
- Controlling costs is an on-going exercise. To mitigate the impact of rising fuel prices, the Company engaged in a cost control program leading to the following manufacturing efficiencies:
    - Electrical energy efficiency improved by 3.23 kwh to 81.10 kwh/t of cement during the year as against 84.33 kwh /t cement in 2017.
    - Electrical energy efficiency improved by ~ 1 kwh to 69.0 kwh/t of clinker during the year as against 69.9 kwh /t clinker in 2017 and by 1.6 kwh to 38.5 kwh/t of cement grinding during the year as against 40.1 kwh /t cement grinding in 2017.
    - Kiln thermal efficiency improved by 4MJ to 3099 MJ /per tonne of clinker during the year as against 3103 MJ/per tonne of clinker in 2017.
    - Power generated by the Company's Waste Heat Recovery Plant of 7.5 MW at Gagal plant delivered the savings of ` 22 Crore (Previous year - ` 22 Crore).
    - Entering into solar power purchase agreements to cut purchased power costs and to meet renewable energy obligations.

7. FREIGHT AND FORWARDING EXPENSE :

Amount in ` Crore

	2018	2017	Change	Change%
Freight and Forwarding expense				
Freight on Clinker transfer	515.82	480.83	34.99	7.28
Freight on Cement	2,786.79	2,362.31	424.48	17.97
Clearing and Forwarding expenses on cement	573.47	495.82	77.65	15.66
Ready Mix Concrete	135.33	112.01	23.32	20.82
TOTAL	**4,011.41**	**3,450.97**	**560.44**	**16.24**

Freight on Cement has increased due to following reasons:

- Cement despatches increased by 7% as compared to previous year. Freight on cement has increased from ` 901/t to 982/t (up by 9%). Like for like increase is 1% (excluding impact of change in commercial terms).

- Increased FOR sales in current year as compared to ex-works sales in the previous year has resulted into increase in per tonne cement freight cost by approx. 8%.
- Diesel prices have also gone up as compared to previous year.

Following continuous efforts are made to contain the costs through Logistics strategies for improving efficiency:

- Improvement in Direct dispatches by 1%
- Reduction in rail lead by 4% through route optimisation. Road lead is increased by 2%.
- Improvement in operational efficiencies through mode-mix optimisation
- Long Term Traffic Contract with Railways
- Road contract benchmarking & negotiation helped to restrict road freight increase

Clearing and Forwarding Expenses on cement due to following reasons:

- Cement despatches increased by 7% as compared to previous year.
- Clearing and Forwarding expenses on cement has increased from ` 189/t to 202/t (up by 7%).
- Cost up due to additional warehousing space to meet volume growth and handling of higher premium products.

Freight cost on sale of Ready Mix Concrete has gone up due to increase in volumes.

8. FINANCE COSTS:

Amount in ` Crore

	2018	2017	Change	Change%
Interest				
- On Income tax	29.59	52.99	(23.40)	(44.16)
- On Defined benefit obligation	9.31	8.22	1.09	13.26
- Interest on deposits from dealers	28.89	24.14	4.75	19.68
- Interest on Royalty on limestone	10.31	-	10.31	100.00
- Others	9.17	15.35	(6.18)	(40.26)
Unwinding of site restoration provision	1.93	1.60	0.33	20.63
TOTAL	**89.20**	**102.30**	**(13.10)**	**(12.81)**

Finance cost has increased due to followings reasons:

- The Company provided interest on outstanding tax demand in the previous year. Consequent to payment of such demand in current year, interest expenses is lower as compared to previous year.
- During the current year, the Company has paid interest of ` 10 Crore on demand of royalty on limestone for earlier years.
- Consequent to the increase in interest rate, interest paid on dealers deposit has increased as compared to previous year.

9. DEPRECIATION AND AMORTIZATION EXPENSE

Amount in ` Crore

	2018	2017	Change	Change%
Depreciation on Property, Plant and Equipment	595.07	636.92	(41.85)	(6.57)
Amortisation of intangible assets	4.57	3.20	1.37	42.81
Total	**599.64**	**640.12**	**(40.48)**	**(6.32)**

Depreciation has decreased mainly due to Property, Plant and Equipment retired / fully depreciated during the previous year.

10. OTHER EXPENSES:

Amount in ` Crore

	2018	2017	Change	Change%
Consumption of stores and spare parts	318.72	331.14	(12.42)	(3.75)
Consumption of packing materials	502.59	434.36	68.23	15.71
Rent	137.11	139.79	(2.68)	(1.92)
Rates and taxes	151.48	151.85	(0.37)	(0.24)
Repairs	168.82	170.25	(1.43)	(0.84)
Insurance	21.29	21.79	(0.50)	(2.29)
Royalties on minerals	269.16	224.12	45.04	20.10
Advertisement	72.10	87.42	(15.32)	(17.52)
Technology and Know-how fees	144.46	128.37	16.09	12.53
Impairment losses on financial assets (net)	5.39	2.20	3.19	145.00
Corporate Social Responsibility expense	20.45	21.82	(1.37)	(6.28)
Miscellaneous expenses	722.76	715.66	7.10	0.99
Excise duty variation on opening and closing stock	-	(22.01)	22.01	(100.00)
Self Consumption of cement	(2.71)	(6.13)	3.42	(55.79)
TOTAL	**2,531.62**	**2,400.63**	**130.99**	**5.46**

- Consumption of stores and spares parts has decreased mainly on account of lower maintenance cost as compared to previous year by optimizing the shut-down cost.
- Consumption of packing material cost has increased mainly due to increase in volumes. Average price of packing bags also increased by 10.30% due to increase in prices of polypropylene granules. Consumption of bags for premium products has also increased in line with increase in sale of premium products.
- Overall expenses on royalties on minerals have increased due to increase in extraction of limestone Previous year royalties on minerals expenses is net of ` 34 Crore related to provision for contribution towards District Mineral Foundation (DMF), written back on the basis of Supreme Court's favourable Judgement in 2017.
- Advertisement expenses decreased due to decrease in various promotional activities.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd for technical support received by the Company.
- Miscellaneous expenses include commission on sales paid to third party, information technology services, traveling expenses, other third party services, etc. Effective cost control measures have resulted in curtailment of increase in overall miscellaneous expenses. Miscellaneous expenses as % of Net sales are reduced to 4.99% as compared to 5.54% in 2017.

11. TAX EXPENSES:

Amount in ` Crore

	2018	2017	Change	Change%
Current tax	457.02	351.12	105.90	30.16
Tax adjustments for earlier years	(500.63)	-	(500.63)	(100.00)
Deferred tax charge	31.27	31.79	(0.52)	(1.64)
TOTAL	**(12.34)**	**382.91**	**(395.25)**	**(103.22)**

Effective income tax rate for 2018 is 32.68% as compared to 29.49% in previous year. The Company was eligible for Investment allowance on new plant and machinery up to Assessment year 2017-2018. Effect of this non availability of this benefit on effective income tax rate was (2.56%) in the previous year.

- Current tax has increased by ` 106 Crore mainly due to increase in taxable profit and reduction in allowances on new plant and machinery as stated above.

- The Company was entitled to incentives in the form of excise duty benefit for its Gagal Plant in the state of Himachal Pradesh, in respect of Income Tax Assessment Years 2006-07 to 2015-16. The Company contended in its income tax returns that the said incentives are in the nature of capital receipts, and hence not liable to income tax. In view of the series of repeated favourable orders by the tax department, in the current year the Company again reviewed the matter, and has reassessed the risk and concluded that the risk of an ultimate outflow of economic benefits for this matter is no longer probable. Accordingly the Company has reversed the existing provisions of ` 501 Crore (Refer Note – 21)

12. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS:

Amount in ` Crore

	2018	2017	Change	Change%
Property, Plant and Equipment	7,012.21	7,201.25	(189.04)	(2.63)
Capital work-in-progress	392.16	261.72	130.44	49.84
Other Intangible assets	37.22	39.77	(2.55)	(6.41)
TOTAL	**7,441.59**	**7,502.74**	**(61.15)**	**(0.82)**

Property, Plant and Equipment has decreased due to following offsetting reasons:

- During the year, the Company has capitalised Property, Plant and Equipment of ` 425 Crore mainly consisting of routine maintenance capex.
- Depreciation on Property, Plant and Equipment for the year is ` 595 Crore.

13. INVESTMENTS:

Amount in ` Crore

	2018	2017	Change	Change%
Investments in subsidiaries, associates and joint ventures	226.45	226.45	-	-
Other Non-current investments	3.70	3.70	-	-
TOTAL	**230.15**	**230.15**	**-**	**-**

- No movement in investments in the current year

14. FINANCIAL ASSETS - LOANS AND ADVANCES

Amount in ` Crore

	2018	2017	Change	Change
Non-current loans	161.23	215.88	(54.65)	(25.31)
Current loans	78.87	40.96	37.91	92.55
TOTAL	**240.10**	**256.84**	**(16.74)**	**(6.52)**

- Non-current loans have decreased mainly due to redemption of Security deposit given for lease rental agreement.
- Current loans have increased mainly on account of increase in Security deposit given for supply of raw materials.

15. OTHER ASSETS

Amount in ` Crore

	2018	2017	Change	Change%
Other non-current assets	611.77	616.49	(4.72)	(0.77)
Other current assets	718.38	787.35	(68.97)	(8.76)
TOTAL	**1,330.15**	**1,403.84**	**(73.69)**	**(5.25)**

Other current assets have gone down due to following offsetting reasons:

- Advance to suppliers has gone down by ` 106 Crore. Advance given for supply of linkage coal and other raw materials in the previous year is materialized in current year. Coal companies cleared backlog for earlier period.
- Balances with statutory / government authorities has gone up by ` 39 Crore mainly due to GST paid on input materials.

16. INVENTORIES :

Amount in ` Crore

	2018	2017	Change	Change%
Raw Materials	185.73	153.96	31.77	20.64
Work-in-Progress	222.89	230.87	(7.98)	(3.46)
Finished Goods	293.41	161.26	132.15	81.94
Stock-in-trade	0.98	0.17	0.81	476.47
Stores and Spare Parts	393.84	383.22	10.62	2.77
Packing Materials	21.83	25.79	(3.96)	(15.35)
Fuels	559.88	448.68	111.20	24.78
TOTAL	**1,678.56**	**1,403.95**	**274.61**	**19.56**

- Average inventory turnover in sales days has increased from 37 days in 2017 to 39 days in 2018 mainly due to increase in cement and coal inventory.
- Raw material has increased mainly due to increase in inventory activated gypsum and slag.
- Inventory of cement has increased by ` 132 Crore as compared to previous year.
- Inventory of linkage coal has increased as coal companies cleared backlog for earlier period. Corresponding advance given for supply of linkage coal is also reduced.

17. TRADE RECEIVABLES:

Amount in ` Crore

	2018	2017	Change	Change%
Trade receivables - Cement	559.91	403.09	156.82	38.90
Trade receivables - Ready Mix Concrete	308.35	265.11	43.24	16.31
TOTAL	**868.26**	**668.20**	**200.06**	**29.94**

- Trade receivable for cement as well as Ready Mix Concrete business has increased mainly due to increase in sales. Increase in trade receivable is partially offset by better collections performance.
- The average trade receivables in sales days outstanding for cement sales as on December 31, 2018 is 13 as compared to 11 as on December 31, 2017.
- The average trade receivables in sales days for Ready Mix Concrete business as on December 31, 2017 is 80 as compared to 77 as on December 31, 2017.

18. CASH AND CASH EQUIVALENTS:

Amount in ` Crore

	2018	2017	Change	Change%
Cash and Cash Equivalents	2,836.84	2,526.74	310.10	12.27

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition.

- Cash and Cash Equivalents improved by 12.27% to ` 2,836 Crore. The improvement is driven by strong performance and better collection performance and implementing appropriate payment norms for suppliers.

19. PROVISIONS

Amount in ` Crore

	2018	2017	Change	Change
Non-current provisions	139.52	142.03	(2.51)	(1.77)
Current provisions	27.30	51.19	(23.89)	(46.67)
TOTAL	**166.82**	**193.22**	**(26.40)**	**(13.66)**

- Provision includes employee benefits and site restoration. Employee benefits provision is utilized in current year on account of benefits payment under severance scheme.

20. SHORT-TERM BORROWINGS

Amount in ` Crore

	2018	2017	Change	Change%
Short-term borrowings	-	59.17	(59.17)	(100.00)

- During the year, the Company has repaid the borrowings taken from ACC Mineral Resources Limited, a wholly owned subsidiary Company.

21. TRADE PAYABLES

Amount in ` Crore

	2018	2017	Change	Change%
Trade Payables	1,922.73	1,810.49	112.24	6.20

- Increase in trade payables is result of improvising on working capital management by negotiating better credit terms with suppliers
- Average trade payable in sales days has increased from 43 days in 2017 to 47 days in 2018.

22. Other Current Liabilities

Amount in ` Crore

	2018	2017	Change	Change%
Other current financial liabilities				
Interest accrued	24.18	18.17	6.01	33.08
Unpaid dividend & Deposit	34.63	31.65	2.98	9.42
Security deposits and retention money	553.40	530.56	22.84	4.30
Liability for capital expenditure	67.99	59.85	8.14	13.60
Other financial liabilities	92.32	78.58	13.74	17.49
Foreign Currency Forward Contract	1.19	-	1.19	100
Other current liabilities				
Statutory dues	575.78	595.44	(19.66)	(3.30)
Advance from customers	226.80	188.63	38.17	20.24
Other payables	986.42	948.59	37.83	3.99
TOTAL	**2,562.71**	**2,451.47**	**111.24**	**4.54**

Other current financial liabilities

- Security deposit has increased due to increase in number of dealers and increase in sales volume.
- Other financial liabilities have increased due to provision made under employee severance scheme.

Other current liabilities

- Liability for statutory dues has decreased mainly due to decrease in GST liability.
- Other payables increased mainly due to increase in liability for rebates to customers.

23. CASH FLOWS

Amount in ` Crore

	2018	2017	Change	Change%
Net cash flow from operating activities	1,118.08	1,554.76	(436.68)	(28.09)

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

- The cash operating profit before working capital changes has increased by ` 171 Crore due to strong performance in the current year.
- Direct tax paid - (Net of refunds) has increased by ` 309 Crore. During the previous year, the Company received income tax refund of ` 130 Crore for earlier years on completion of assessment years.
- Impact on cash flow from operating activities due to above reasons partially offset by increase in working capital by ` 388 Crore as compared to increase of ` 89 Crore in previous year. Inventory and trade receivables have gone up as compared to previous year.

Amount in ` Crore

	2018	2017	Change	Change%
Net cash flow from investing activities	(367.78)	(384.58)	16.80	(4.37)

Net cash used for investing activities has marginally reduced as compared to previous year mainly due to higher interest received on surplus funds.

Amount in ` Crore

	2018	2017	Change	Change%
Net cash flow used for financing activities	(441.11)	(422.10)	(19.01)	4.50

Net cash used for financing activities has marginally increased as compared to previous year following reasons:

- Repayment of borrowings of ` 60 Crore taken from ACC Mineral Resources Limited, a wholly owned subsidiary Company.
- Increase in cash flow financing activities has partially offset by lower dividend during the year. In the current year, interim dividend is not declared, keeping in view the proposed expansion plans.

RATIO ANALYSIS

1. Operating EBITDA margin (%)

	2018	2017
Operating EBITDA margin	14.12	14.79

- Despite rising prices of slag, pet coke and diesel, the Company is able to maintain the Operating EBITDA margin almost at same level of last year due to continued emphasis on productivity measures, improved raw material mix and source mix optimization which helped partially offset higher input costs.
- Operating EBITDA for 2018 includes ` 70 Crore on account of charge for Employee Separation Scheme which has resulted in to drop in Operating EBITDA margin by 48 bps.
- Slag prices up by 55% due to surge in demand and consequential need to procure long lead sources. Overall fuel cost has been impacted adversely due to increase in fuel prices.

2. Average Return on Capital Employed (%)

	2018	2017
Average Return on Capital Employed	15.02	14.27

Average return on capital employed as increased 75 bps mainly due to following reasons:

- Earnings before interest on long term borrowings and tax (EBIT) have increased by 15% as compared to previous year whereas average net worth has increased only by 9%.

3. Return on Net worth (%)

	2018	2017
Return on Net worth*	9.56	9.77

*Profit after tax is after excluding income tax write back ` 501 Crore in 2018.

- Return on Net worth in the current year is fairly in line with previous year.

4. Current Ratio (Times)

	2018	2017
Current ratio	1.39	1.08

- The Company's current ratio for 2018 is recorded at 1.37 times as compared to 1.08 times in 2017. Increase in current ratio is mainly on account of increase in working capital. Trade receivables and inventory has increased as compared to previous year.

5. Price Earning Ratio (Times)

	2018	2017
Price Earning Ratio	27.84	36.08

- Basic Earnings per share stood at ` 53.57 for the year ended 2018 registering an increase by 10% as compared to previous year on account of increase in profitability. However overall Price earnings ratio has decreased in view of stock market volatility in the current year.

6. Net worth per Share (`)

	2018	2017
Net worth per Share	561	499

- Net worth per share has increased as compared to previous year due to increase in net worth by 12%.
- Net worth has increased due to increase in retained profit after distribution of dividend to the shareholders.

7. Dividend per share, earning per share and Dividend payout ratio*

	2018	2017
Dividend per share (`)	14	26
Basic Earnings per Share (`)	53.57	48.75
Dividend payout ratio (%)	26	53

* Dividend payout ratio is calculated without considering dividend distribution tax

- Basic Earnings per share stood at ` 53.57 for the year ended 2018 registering an increase by 10% as compared to previous year on account of increase in profitability.

8. Fixed Asset Turnover Ratio (Times)

	2018	2017
Fixed Asset Turnover Ratio	1.9	1.7

- Asset turnover ratio has increased in 2018 as compared to previous year mainly on account of increase in net sales.