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The courage to dream

The resilience to pursue the challenge of growth

AMBUJA CEMENTS LTD.

Annual Report 2009

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Our Vision

To be India's most admired company



Our Mission

Delighted customers

Inspired employees

Empowered partners

Energized society

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I CAN.

GIVE A MAN ORDERS and he will do the task reasonably well. But let him set his own targets, give him freedom and authority and his task becomes a personal mission: I CAN.

Resilience is all about bouncing back. It's about recovering original verve, form and shape after a brief moment of 'stretch' and 'squeeze' .

This year's ' I CAN' section captures the missionary zeal with which we lived up to our motto, achieving hard driven team success through empowered individual initiative.

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CORPORATE INFORMATION

CHAIRMAN EMERITUS

Mr. Suresh Neotia

BOARD OF DIRECTORS

Mr. N. S. Sekhsaria, Chairman
Mr. Paul Hugentobler, Vice Chairman
Mr. Markus Akermann
Mr. M. L. Bhakta
Mr. Nasser Munjee
Mr. Rajendra P. Chitale
Mr. Shailesh Haribhakti
Dr. Omkar Goswami
Mr. Naresh Chandra
Mr. Onne van der Weijde, C.E.O. Designate (w.e.f. 17.02.2010)
Mr. A. L. Kapur, Managing Director

CHIEF FINANCIAL OFFICER

Mr. David Atkinson

BUSINESS HEADS

Mr. J. C. Toshniwal (North)
Mr. Ajay Kapur (West & South)
Mr. S. N. Toshniwal (East)

COMPANY SECRETARY & HEAD - CORPORATE SERVICES

Mr. B. L. Taparia

CORPORATE OFFICE

106, Maker Chambers III,
Nariman Point, Mumbai - 400 021

Elegant Business Park,
MIDC Cross Road 'B',
Off Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059

AUDITORS

M/s. S. R. Batliboi & Associates

P. M. Nanabhoy & Co.,
(Cost Auditors)

REGISTERED OFFICE

P. O. Ambujanagar, Tal. Kodinar,
Dist. Junagadh, Gujarat 362 715.

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CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to share with you the Company's performance for the year 2009.

The year began with uncertainty created by the world-wide financial crisis. The Indian economy initially echoed the global shock. But timely and exigent steps taken by governments across the world, helped restore growth and rebuild investor confidence. Successive stimulus packages from the Indian Government not only gave our economy the required support, it also created an atmosphere conducive to investment and growth. India's GDP growth of 6.7% in 2008-09, though slightly slower than the previous year, was creditable.

The general elections, held in May 2009, gave a renewed mandate to the incumbent government to drive its growth agenda more effectively. We have already seen significant measures to promote infrastructure development, continue disinvestment and spur industrial growth. These augur well for the growth of the cement industry.

New cement capacities totalled 40 million tonnes in 2009, giving rise to fears of excess supply. However, this did not have a negative impact on the bottom line of the industry thanks to an increased growth in demand and the staggered stabilisation of these additional capacities.

I am happy to report that Ambuja's expansion plans are doing well. The new plant at Bhatapara, Chhattisgarh commenced production trials in December 2009 and is likely to stabilise shortly. Another plant at Rauri in Himachal Pradesh, with associated grinding facilities in HP and UP, has also started trial production in January 2010 and is expected to get fully stabilised by March 2010. These new plants are expected to dispatch about 4.5 million tonnes of cement to the market this year, helping us to maintain our position in the industry.

In 2009 the Company sold 18.79 million tonnes of cement, recording a growth of 6.5% over the previous year. Net sales were up by 14 per cent at Rs.7,077 crores. The EBITDA for 2009 was up by 8% at Rs.1,972 crores. The profit after tax (PAT) of Rs.1,218 crores was lower than Rs.1,402 crores in the previous year. However the PAT of 2008 included exceptional income of Rs. 308 crores.

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I would like to share with you my thoughts on the year ahead. The GDP growth will improve further given the focus of our Government and the monetary policies of RBI. The demand scenario looks upbeat as well. This will provide us an opportunity to further exploit our untapped potential to reap good returns. However, there are some caveats. Input prices, including that of coal, are increasing. The demand-supply mismatch in certain pockets of India may accentuate pressure on prices. In addition, logistical constraints, food price inflation and poor monsoon rains in major parts of the country are causes for concern. The management has taken cognisance of these challenges and is geared up to face them.

The Company initiated a world class 'Occupational Health and Safety Initiative', backed in good measure by Holcim's worldwide expertise and techniques. The programme aims to instil safe working practices in the workforce and partners associated with Company operations. The Company stands committed to providing a safe working environment for everyone in the organisation and has set itself a "Zero Harm" goal.

The Company continued its focus on environmentally friendly work practices. In fact, our original plant at Ambujanagar received the 'National Award for Environmental Excellence in the Indian Cement Industry' for 2008-09 from the National Council for Cement and Building Materials.

Ambuja Cement Foundation (ACF), the CSR arm of the Company, continued to support communities with zeal. Its development initiatives and achievements in the areas of protecting community resources, agricultural and skill training, providing healthcare services to the community and ensuring the overall prosperity of communities, are exemplary. Farmers have been rewarded with substantially higher productivity from their land, thus multiplying their earnings. Skill training programmes have helped the local villagers to gain employment opportunities or to start their own small businesses.

Training and empowering the people continues to be a top priority of the Company. We believe that the zeal and enthusiasm of our people can convert any challenge into an opportunity. I am proud of the talented and dedicated teams in the Company.

The Board of Directors and the Management continue to practice the highest principles of corporate governance to provide strong leadership. The management team, led by Mr. A. L. Kapur, has shown true commitment to act in the best interests of all our stakeholders.

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Mr. Kapur will superannuate at the end of April 2010 and I, on behalf of all the shareholders, thank him for his unrelenting effort and exemplary leadership. The Board has appointed Mr. Onne van der Weijde to succeed Mr. Kapur. Mr. Onne is an MBA with more than 10 years of experience in the global cement industry and 5 years of experience in the Indian cement industry. I am sure that under the leadership of Mr. Onne, the Company will continue to excel in the coming years.

It gives me great pleasure to announce that the Board has elected Mr. Suresh Neotia to the post of Chairman Emeritus. Since we started on the Ambuja journey together over 28 years ago, he has been my friend, mentor and unerring guide. His visionary leadership helped steer the Company to great heights. But even more important is the legacy of his belief in human values, business ethics and his deep concern for the environment and the community. Not only have these principles touched each of us personally, they have given the Company a strong foundation in CSR and enabled us to build a successful and sustainable business model.

I am indebted to the shareholders who have resolutely stood by the management throughout 2009. Your support for the Company is invaluable and I am sure it will continue for years to come.

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With best regards,



N. S. Sekhsaria

February 4, 2010

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FIVE YEAR PERFORMANCE

Rs. in Crores

	2004-05	2005-06 (18 Months)	2007	2008	2009
Sales	2606	6268	5705	6235	**7077**
Operating Profit	799	2247	2239	1954	**2122**
Cash Profit	714	2168	2163	1922	**2100**
Profit before Tax	519	1842 **	2712 **	1970 **	**1803**
Profit after Tax	468	1503	1769	1402	**1218**
Gross Block	3827	5177	5928	7654	**8939**
Net Worth	2172	3484	4655	5669	**6468**
Debt	1127	865	330	289	**166**
Cash EPS (Rs.)	5.28	14.29	14.26	12.62	**13.78**
EPS (Rs.)	3.46	10.09	11.61	9.21	**7.99**
Dividend (%)	90 *	165	175	110	**120**
Capacity - Million Tonnes	13.30	16.30	18.50	22	**22**
Production - Million Tonnes	12.80	22.63	16.86	17.75	**18.83**

Note:

* Includes 30% on enlarged capital after issue of Bonus shares in the ratio of 1:2

** Includes exceptional items of :

Rs. 308.33 crores for the year 2008

Rs. 785.89 crores for the year 2007

Rs. 47.52 crores for the period 2005-06 (18 months)

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