



Benchmarking with the best

Our Vision

To be the most admired
and competitive
company in our industry



Our Mission – create value for all

Delighted customers

Inspired employees

Enlightened partners

Energised society

Loyal shareholders

Healthy environment



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.

The I CAN philosophy has served
to galvanise the team over
the years. It will continue to be a
charter for individual initiative
and companywide endeavour.

**Ambuja
Cement**

Annual Report 2010

CONTENTS

Chairman's Letter	4
I Can - Some Highlights	6
Five Year Performance	14
Directors' Report and Management Discussions & Analysis	15
Annexures to Directors Report:	
Conservation of Energy & Technology Absorption	27
Corporate Governance Report	30
Auditors' Report	49
Financial Statements	52
Balance Sheet Abstract	86
Consolidated Accounts with Auditors Report	87
Information with regard to Subsidiary Companies	114
Accounts of Subsidiary Companies:	
i. M.G.T. Cements Private Limited	115
ii. Chemical Limes Mundwa Private Limited	123
iii. Kakinada Cements Limited	131

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, 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

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.

CHAIRMAN'S LETTER

Dear Shareholders,

2010 was a year of opportunities as well as challenges for the cement industry.

The economy grew at 7.4% during the 2009-10 financial year, as against 6.7% in the previous year, further accelerating to 8.5% by December 2010. The manufacturing sector registered a robust growth of 10% during the 2010 calendar year. The monsoon was extremely good throughout the country. While the extended rains decreased cement demand temporarily, they will drive rural growth and demand for cement in the coming year. Household income increased significantly resulting in higher consumption, as well as higher investments in capital markets.

There are some challenges ahead. Inflation has been a cause of serious concern. The RBI has increased the interest rates on several occasions to bring inflation under control. Oil and coal prices rose sharply and the trend does not seem to be reversing.

It is heartening to share that the country is getting global recognition as an emerging economic power and a preferred investment destination for global players. Large Indian corporates have made sizeable overseas acquisitions, including in developed countries. Further endorsement of this recognition comes from visits of the world's leaders to India, within a short span of time. Significantly, the common agenda of all these leaders was closer trade and business ties. This makes me believe that there are robust reasons for the spurt of growth in the economy, as well as enormous opportunities ahead.

Corporate sustainability has become an important global agenda. Recognising that climate change and exploitation of nature poses a global threat to economic growth, the company has revisited its sustainability initiatives. The management team has renewed their focus on conserving natural resources like water, energy and alternate fuel, while safeguarding the health and safety of people and caring for communities.

In order to accelerate the pace of sustainable operations in a systematic manner, the company has engaged Harvard Business School to do a case study.

As far as the cement industry is concerned, demand during 2010 grew by 6%. The main reason for this comparatively lower growth was the slowing down of infrastructure development, extended monsoon and unseasonal weather conditions in several regions. These factors, coupled with significant capacity addition over the past 2 years, put pressure on our cement prices, particularly during second half of the year. In addition input costs went up across the board.

The company posted a net profit of Rs. 1 264 crores, as against Rs. 1 218 crores in the previous year. This increase may look marginal per-se, but in light of the challenges faced in 2010 the performance of the company was commendable.

Increased cement capacities, the pressure of inflation, higher interest rates, and repeated increases in oil and coal prices will further affect the margins of the cement industry in the coming year.

The current year is a momentous one for the company as we celebrate our 25th anniversary. I am confident that our people will make this a landmark year full of new records and achievements, and will once again demonstrate the spirit of 'I CAN'.

Finally, I would like to thank the management team and each one of you for your faith and confidence, which has helped to build Ambuja Cement into one of the most successful and admired cement companies in the country.

With best regards,



N.S. Sekhsaria

February 3, 2011



Only one thing could beat
that **unrelenting deadline.**

A **never-say-die spirit**



At Nalagarh, the deadline loomed large. The plant had to be commissioned before **March 31, 2010.** At stake was the Ambuja reputation for meeting impossible deadlines.

Land was acquired for construction to commence in January 2009. But problem followed insurmountable problem. Property dealers staked a claim to the land, despite our having a clear title. We had to fight a legal battle before work could start. Meanwhile the clock kept ticking.

In July 2009 we realised that the Government would not meet its commitment to supply power. So we swung into action. A spare 10 MW DG lying at Ambujanagar was disassembled and shipped in parts to Nalagarh, traversing 1850 km across four States.

January 2010. It looked as if we would make it, but just then the greatest misfortune occurred: a fatality. It was our darkest hour. Our Managing Directors (current and incumbent) and Business Head arrived. They took stock of the situation and gave emotionally-charged speeches. On that cold, foggy December morning there was a sudden burst of sunshine.

Two months of astounding work and dedication followed. Boundaries between individual units were broken. Help poured in from all quarters. The management rolled up its sleeves and put in 20-hour days alongside the workers.

The DG was commissioned on March 22, 2010. The mill started moving on March 23rd. The first nodule of clinker was ground into cement on March 26th. The Chief Minister of HP flagged off the first five cement-loaded trucks on March 27th. There were four days to spare. We had met that impossible deadline. That too, within budget.

It reminded us of what Jesse Owens said: "At the end you are exhausted, in body, in mind, in spirit. Only one thing keeps you going. A dream, a vision you once had."

And, we might add, the voice that kept repeating. "I CAN. Yes, I CAN."

