



**AMBUJA CEMENTS LIMITED**  
**ANNUAL REPORT 2013**



## **OUR VISION**

**TO BE THE MOST SUSTAINABLE  
AND COMPETITIVE  
COMPANY IN OUR INDUSTRY**

### **OUR MISSION - CREATE VALUE FOR ALL**

**Delighted Customers | Inspired Employees | Enlightened Partners  
Energised Society | Loyal Shareholders | Healthy Environment**

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GIVE A MAN ORDERS  
AND HE WILL DO THE TASK  
REASONABLY WELL.

BUT LET HIM SET HIS  
OWN TARGETS, GIVE HIM  
THE FREEDOM  
AND THE AUTHORITY AND  
HIS TASK BECOMES  
A PERSONAL MISSION:  
'I CAN'.

## CORPORATE INFORMATION

### CHAIRMAN EMERITUS

Mr. Suresh Neotia

### BOARD OF DIRECTORS

Mr. N. S. Sekhsaria - Chairman

Mr. Paul Hugentobler

- Vice Chairman *(up to 6th February, 2014)*

Mr. Bernard Fontana

Mr. Bernard Terver *(w.e.f. 4th December, 2013)*

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Haigreve Khaitan

Mr. B. L. Taparia

Mr. Onne van der Weijde - Managing Director

### DY. MANAGING DIRECTOR

### & CHIEF EXECUTIVE OFFICER

Mr. Ajay Kapur *(w.e.f. 1st August, 2013)*

### CHIEF FINANCIAL OFFICER

Mr. Sanjeev Churiwala

### COMPANY SECRETARY

Mr. Rajiv Gandhi

### BUSINESS HEADS

Mr. J. C. Toshniwal (North)

Mr. Vilas Deshmukh (West & South)

Mr. Vivek Agnihotri (East)

### AUDITORS

M/s. S. R. Batliboi & Co. LLP (Statutory Auditors)

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

### CORPORATE OFFICE

Elegant Business Park

MIDC Cross Road 'B'

Off Andheri-Kurla Road

Andheri (E), Mumbai 400 059

### REGISTERED OFFICE

P. O. Ambujanagar, Tal. Kodinar

Dist. Gir Somnath, Gujarat 362 715

## CHAIRMAN'S LETTER

Dear Shareholders,

It gives me great pleasure to announce a momentous event in Ambuja's history.

Last year, while restructuring its presence in India, Holcim invited Ambuja to merge with Holcim India – a union that makes ACC Limited a subsidiary of Ambuja. ACC is a company that needs no introduction; over the past century it has helped lead the way forward for the Indian cement industry and been the cornerstone of India's nation-building efforts.

I am happy to inform you that this amalgamation has been approved by Ambuja's Independent Board of Directors, and by you, the Shareholders. I would like to thank each of you for giving the Board your vote of confidence. The merger will be completed in due course, once approvals are received.

Ambuja and ACC can look forward to synergies in many facets of operations, from procurement to logistics. With ACC, Ambuja Shareholders have access to the finest assets, the most advantageous plant locations and a dealer network that is second to none. More importantly, Ambuja can now join hands with a distinguished organisation that has been a fountainhead of ideas and talent for the cement industry. I am sure this will be a turning point in the history of Ambuja and ACC, as we go from strength to strength together.

While we have much to celebrate, we must also be prepared for the challenges that face us. The last few years have been difficult for the Indian economy. Our country's economic growth rate continued its decline to a 10-year low of 5% growth, from April 2012 to March 2013. Growth was impacted by high inflation, a slowdown in investment and industrial expansion, high interest rates and a subdued global economy.

The year did not augur well for the cement sector. Our industry had already witnessed a slowdown in demand in the previous year, with the trend continuing in 2013. Demand did not rise in the first part of the year as expected, and was subdued during a monsoon season marked by heavy rains, flooding and a severe cyclone in Eastern India. Last year, our net sales and profit were lower than 2012 by 6% and 0.2%, at ₹9,086.84 and ₹1,294.57 crores respectively.

Difficult times bring out the best in our people. Throughout the downturn, their 'I Can' spirit has turned every adversity into an opportunity, to make Ambuja a better, more efficient company. Over the past 4 years, aggressive cost-cutting targets have been set, and stricter scrutiny measures implemented. Some notable initiatives from the past year were Project SCOPE, which helped optimise supply chain efficiency, and Project LEAP, an initiative aimed at identifying potential savings and creating a world-class procurement organisation. Our manufacturing excellence program, People Power, was rolled out at all our plants. Together, these efforts have made a significant impact and done a great deal to help us weather the downturn.

Simultaneously, we have been investing in our future through initiatives that nurture our human capital. The MaCX (Marketing and Commercial Excellence) program, launched in 2012, has helped our leaders to sharpen the Company's marketing strategy. Last year Ambuja strengthened its focus on OH&S (Occupational Health and Safety) by investing more resources in the program. This included the launching of We Care, a measure that ensures that a culture of safety is instilled in every aspect of our work.

I am proud of the strides Ambuja Cement Foundation (ACF) has made to improve the quality of life in communities across the country. ACF functionaries, working in numerous programmes at the village level, have used their expertise to ensure each project is sustainable and enjoys the complete support and participation of the community. This year, ACF's work was once again recognised and awarded for its outstanding contribution to water resource management, skill development training, agriculture, health and education.

Our people have proved, time and again, that their 'I Can' spirit can overcome every challenge the year brings. With our renewed focus on safety, efficiency, quality, management excellence, and the strength of ACC on our side, I am confident we will take the Company to a whole new level of achievement.

With warm regards,



N. S. Sekhsaria

6th February, 2014



## FINANCIAL HIGHLIGHTS OF 5 YEARS

Amount in ₹ crores

	2013	2012	2011	2010	2009
<b>INCOME STATEMENT</b>					
Net Sales	9,087	9,675	8,504	7,390	7,077
Operating EBITDA	1,651	2,473	1,977	1,951	1,971
Profit Before Tax	1,514	1,902	1,703	1,662	1,803
Profit After Tax	1,295	1,297	1,229	1,264	1,218
<b>BALANCE SHEET</b>					
Net Worth	9,486	8,805	8,069	7,330	6,468
Borrowings	29	35	43	65	166
Capital Employed	10,121	9,414	8,778	7,926	7,120
Fixed Assets - Gross Block	10,826	10,184	9,702	8,779	6,224
Fixed Assets - Net Block	6,063	5,862	6,186	5,628	3,440
Current Assets	5,537	5,276	4,264	3,135	1,979
Current Liabilities	2,843	2,899	2,764	2,394	1,741
<b>CASH FLOW STATEMENT</b>					
Net Cash Generated from Operations	1,200	1,858	1,533	1,876	2,126
Cash and Cash Equivalents	3,961	3,860	2,899	2,289	1,415
<b>SIGNIFICANT RATIOS</b>					
Operating EBITDA / Net Sales	18%	26%	23%	26%	28%
Return on Capital Employed (EBIT/ Avg. CE)	16%	22%	21%	23%	27%
Debt Equity Ratio (Debt/ [Debt+NW])	0.00	0.00	0.01	0.01	0.03
Price Earning Ratio <sup>#</sup>	21.97	23.83	19.37	17.28	12.96
Book Value Per Share (₹)	61.43	57.24	52.67	48.01	42.47
Basic Earning Per Share (₹)	8.39	8.43	8.02	8.28	8.00
Dividend Per Share (₹)	3.60	3.60	3.20	2.60	2.40
Dividend Payout Ratio	50%	50%	46%	37%	35%
Current Ratio	1.95	1.82	1.54	1.31	1.14
<b>OPERATIONS</b>					
Cement Capacity - Million Tonnes	27.95	27.95	27.35	25.00	22.00
Cement Production - Million Tonnes	20.96	21.62	20.97	20.13	18.83

# Market Price as per BSE on last day of year.

Figures for year 2013, 2012 and 2011 are based on Revised Schedule VI.

