



GUJARAT AMBUJA CEMENTS LTD.

Annual Report | 2001-2002

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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 freedom and authority
and his task becomes
a personal mission: 'I can.'



BOARD OF DIRECTORS

Suresh Neotia, Chairman

Vinod Neotia

M. L. Bhakta

N. N. Pai (Upto 21/5/2002)

Nimesh Kampani

M. T. Patel

Harshavardhan Neotia

Nasser Munjee

O. V. Bundellu, Nominee - IDBI (Upto 25/7/2001)

Rajendra P. Chitale (w.e.f. 4/7/2002)

A. L. Kapur, Whole - time Director

P. B. Kulkarni, Whole - time Director

A. V. Rao, Whole - time Director

Pulkit Sekhsaria, Whole - time Director

Anil Singhvi, Whole - time Director

B. L. Taparia, Whole - time Director and Company Secretary

N. S. Sekhsaria, Managing Director



Corporate Office:

122, Maker Chambers III,

Nariman Point,

Mumbai 400021.

CHAIRMAN'S LETTER

Dear Shareholders,

The year 2001-02 was a milestone for the cement industry and for your company.

The Indian cement industry crossed 100 million tonnes in production and sales of cement. In the last year, 102.5 million tonnes of cement were produced and sold, clocking an impressive 10% growth.

I believe this marks the beginning of a new phase in the country. A phase where we start working towards the India of our dreams. An India where there is a home for everyone, and where the roads and infrastructure compare with the best in the world.

It has been a year of many achievements for your company too. As a group we have produced and sold 10 million tonnes of cement during the year. The group capacity has gone up as well. From a humble beginning of one cement plant of 0.7 million tonnes, we've grown to 13 million tonnes today. An 18-fold increase in just 15 years.

This growth has, however, been driven by one simple philosophy - anything we do must reward the stakeholder.

Each year, our people have pushed the limits of productivity to get the most out of our plants and machinery. And each year they've prudently reinvested their earnings into the one thing they know best: cement.

Not for them fancy diversification plans. Growth for growth's sake is no growth at all. No wonder then, we enjoy operating margins that are double that of the rest of the industry.

Now the goal before us is to continue to excel and create wealth for our shareholders. Growth is just a means to achieve this.

Cement continues to be a great business to be in. It does not run the risk of stagnation, or obsolescence, or of technology becoming redundant. From an

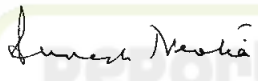
investment perspective, the business continues to offer the most favourable risk to reward ratio.

More importantly, cement is a business of assets and capital. Its foundation is made of assets and hence sustained cash flow is generated out of the business. Over the last decade and a half we were faced with many challenges in our economy, yet being in the cement business with a clear focus, we've been able to generate consistently good cash flows from our business.

As always, our team has done us proud by completing our Maratha Cement plant, one of the country's largest cement plants, in record time. And that too without being dependent on grid power. My sincere thanks to the entire team.

I am very excited about the future of the cement industry in India. I believe in the current decade, cement will witness a growth that is unparalleled. And your company is fully geared to take advantage of this growth.

With warm regards,

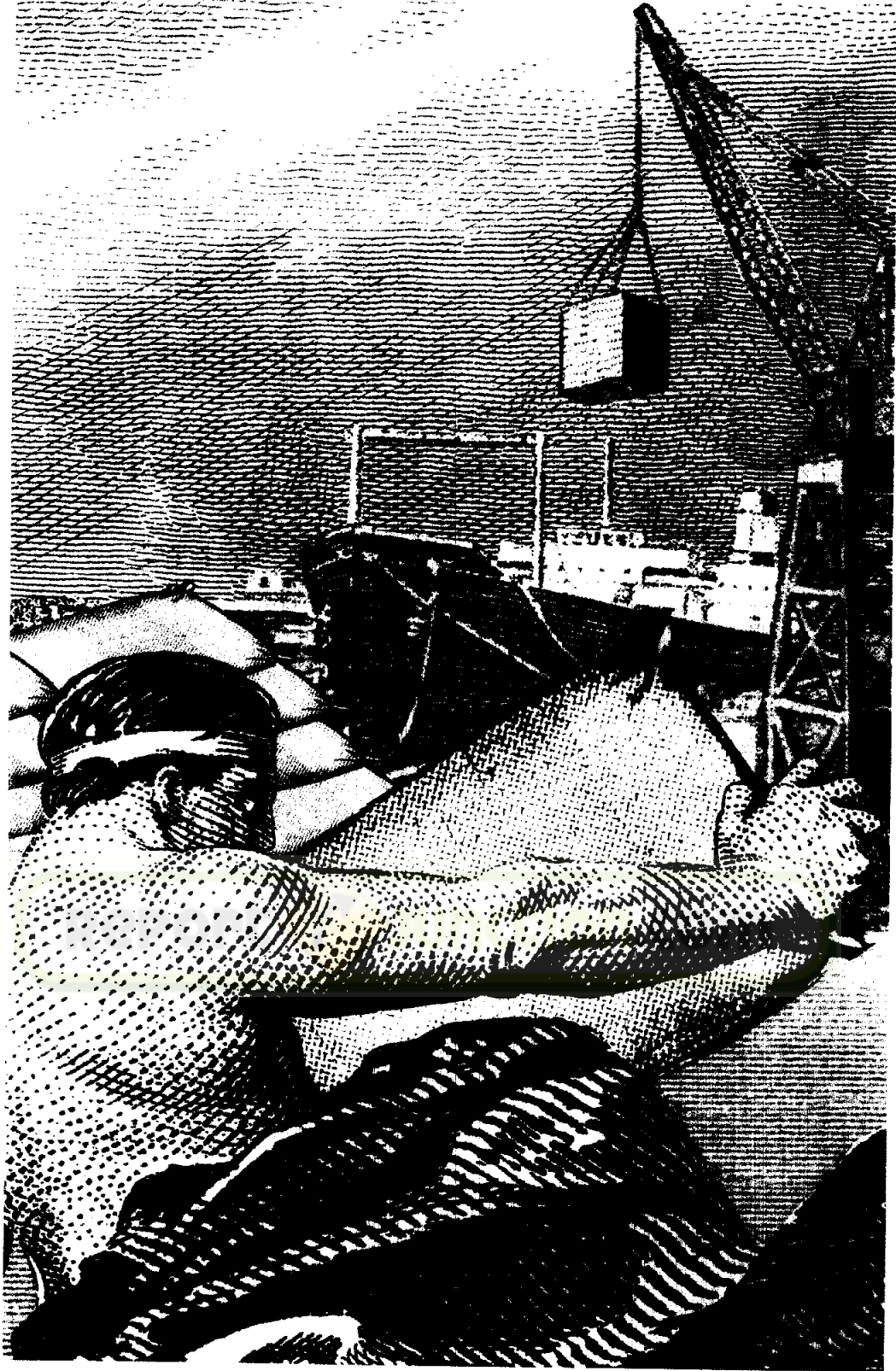

Suresh Neotia

August 20, 2002.

FINANCIAL HIGHLIGHTS

	Rs. in crores	
	2001-2002	2000-2001
Sales	1583	1448
Operating Profit	466	463
Interest	97	134
Depreciation	138	129
Profit after Tax	231	200
Profit after Current Tax	215	186
Deferred Tax	28	-
Profit after Deferred Tax	187	186
Shareholders' Funds	1618	1521
Foreign Currency Convertible Bonds	461	461
Debt	1322	1196
Gross Block (Including CWIP)	2900	2671
Investments	1132	1119
Net Current Assets	440	97





Over 57% *of* INDIA'S
cement exports *by* sea
come *from* one place.
Our MULDWARKA PORT.

The Muldwarka port began life as a small jetty designed to open up the nearby coastal markets.

The port's limited objectives, however, never stopped our people from thinking big. And so, they constantly worked on pushing up efficiency.

Docking times were reduced. Loading and unloading streamlined. And tonnage increased.

With every passing year, the port handled ever-larger quantities of cement. Soon enough, the small jetty was busy exporting to Sri Lanka and Mauritius.

This last year, however, was a watershed. As compared to 8.84 lakh tonnes the previous year, over 12.55 lakh

tonnes of cement passed through the port. A 42% increase. Amounting to nearly 57% of India's total cement exports, by sea.

Even more amazing, the increased tonnage wasn't the result of fanciful expansion plans or huge additions of capital. It was just a sustained effort at making the best use of a 10-year-old asset.

In fact, the total cargo handled (cement, coal and furnace oil) at Muldwarka was 34.68 lakh tonnes as against 28.66 tonnes in the previous year. An increase of 21%.

Proving once again that an asset is only as good as the people who use it.

