



AMBUJA CEMENTS LIMITED

ANNUAL REPORT 2012

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 FREEDOM

AND 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

Mr. M. L. Bhakta

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Naresh Chandra

Mr. Bernard Fontana *(w.e.f. 10th February, 2012)*

Mr. Haigreave Khaitan *(w.e.f. 27th July, 2012)*

Mr. B. L. Taparia *(w.e.f. 1st September, 2012)*

Mr. Onne van der Weijde - Managing Director

CHIEF EXECUTIVE OFFICER

Mr. Ajay Kapur *(w.e.f. 1st May, 2012)*

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Churiwala

COMPANY SECRETARY

Mr. Rajiv Gandhi *(w.e.f. 1st August, 2012)*

BUSINESS HEADS

Mr. J. C. Toshniwal *(North)*

Mr. Vilas Deshmukh *(West & South)*

Mr. Vivek Agnihotri *(East)*

AUDITORS

M/s. S. R. Batliboi & Co. *(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. Junagadh, Gujarat 362 715

CHAIRMAN'S LETTER

Dear Shareholders,

Last year was a difficult year for the nation. India's economic growth rate continued its downward journey to a nine-year low of 6.5% for 2011-12. This was caused by many factors including the global crisis, high inflation and interest rates, and a slowdown in investment and industrial growth.

For the cement industry, the year started out positively with robust demand from housing and infrastructure sectors. However, demand in the second half of 2012 slowed down due to the shortage of construction materials and labour, and an extended monsoon which brought flooding and drought to many parts of the country.

The Indian cement industry, which is highly fragmented and competitive was subjected to the Competition Commission of India's order that imposed a penalty of over Rs.6,300 crores on some cement manufacturers, including us. The Company has taken legal steps to challenge the order and is confident of a positive outcome in the matter.

It is challenging and difficult times that bring out the best in our people. Last year was no exception. As a result, the Company performed well with production and sales growing by 3% and 4% respectively in volume. Net Sales and Profits were also higher by 14% and 6% at Rs.9,675 crores and Rs.1,297 crores respectively.

Our people focused their attention on cutting costs, reducing fuel consumption and improving efficiency and productivity. Every little cost was analysed. No detail was too small to be ignored. The result? While input material costs, including fuel prices, have increased by 12-15% (CAGR 2009-12), the Company's costs were restricted to an increase of only 7% (CAGR over from 2009-12).

Ambuja has been a pioneer in marketing and brand building in the cement industry. To maintain an unrelenting focus on the consumer, we launched the MaCX (Marketing and Commercial Excellence) program. It will help us further our brand dominance and commercial edge in the market place.

We've always believed our passionate and committed workforce is our competitive advantage. That is why we continually invest in our people. Last year we launched an HR initiative - STEP (Sustainable Talent Enhanced Performance) for leadership development and strengthening our People Power program. Our HR systems and processes are now aimed not only at making us an employer of choice, but a sustainable employer as well.

Last year we amended our vision statement to be the industry's 'most sustainable and competitive company'. This puts into sharp focus what is core to Ambuja, and will be the basis of our growth in the future.

I am particularly pleased with the efforts our people have put in to improve the quality of life in neighbouring communities.

The Ambuja Cement Foundation (ACF) has achieved much in water resource management in Rajasthan. Its initiatives to revive traditional water harvesting have created a long-term impact for communities across Rajasthan. While our Rabriyawas plant bagged one of the most respected national awards for excellence in water management.

Our efforts in sustainability have been recognised with many awards, the most recent of which was the 'CII Sustainability Award 2012', awarded to us by the Honorable President of India himself.

The coming year will be as challenging for the Company as last year was. But with our people's efforts to further strengthen logistics, sales and distribution, and commercial services, we are confident that the Company should do even better in 2013.

Our people have proved time and again that their 'I can' spirit has the power to turn adversity into opportunity. I am confident that they will continue to rise to overcome every challenge that the year brings.

With warm regards,



N. S. Sekhsaria

7th February, 2013

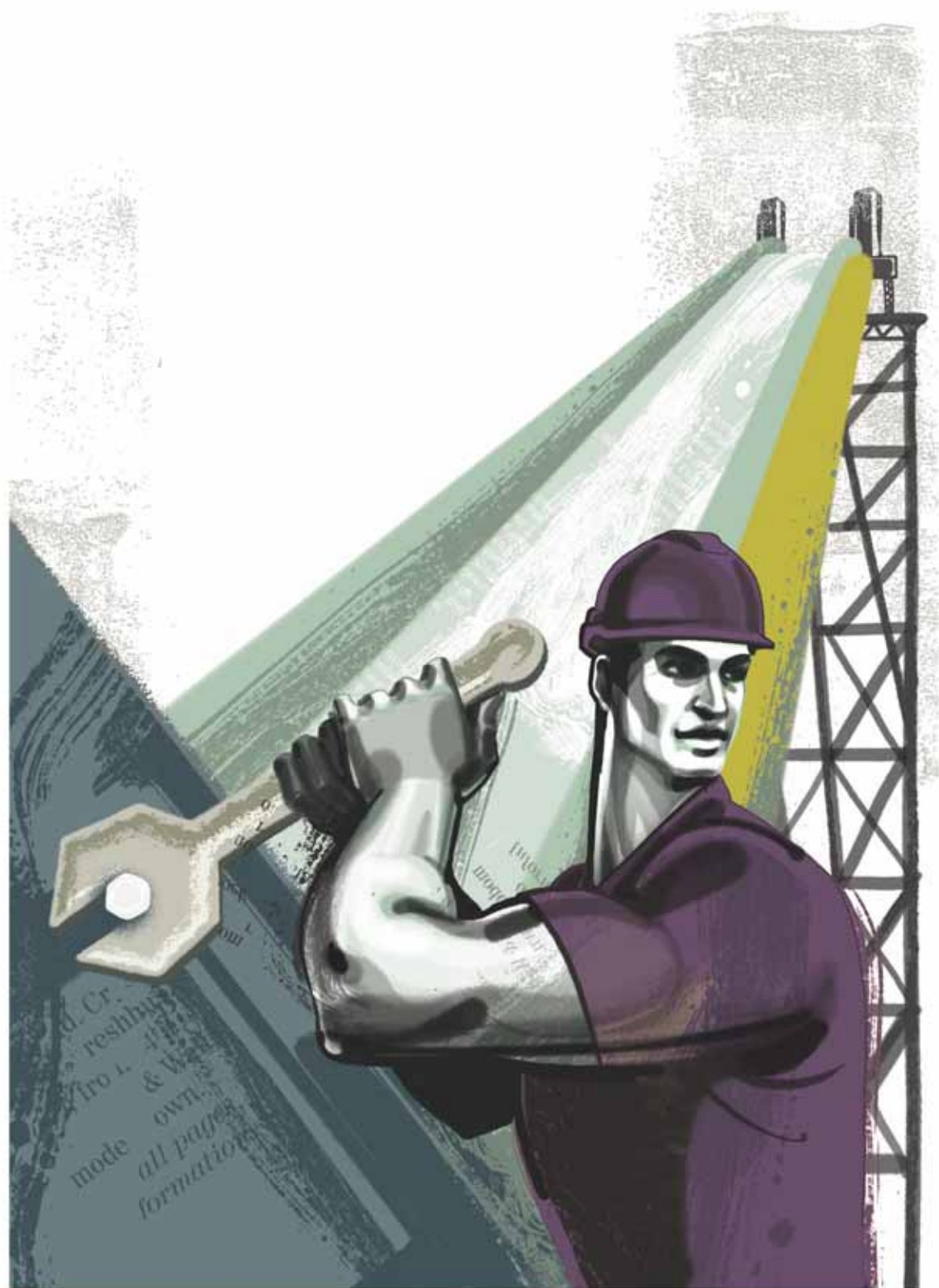
FINANCIAL HIGHLIGHTS OF 5 YEARS

Amount in ₹ crores

	2012	2011	2010	2009	2008
INCOME STATEMENT					
Net Sales	9,675	8,504	7,390	7,077	6,220
Operating EBITDA	2,473	1,977	1,951	1,971	1,804
Profit Before Tax	1,902	1,703	1,662	1,803	1,970
Profit After Tax	1,297	1,229	1,264	1,218	1,402
BALANCE SHEET					
Net Worth	8,805	8,069	7,330	6,468	5,669
Borrowings	35	43	65	166	289
Capital Employed	9,414	8,778	7,926	7,120	6,338
Fixed Assets - Gross Block	10,184	9,702	8,779	6,224	5,707
Fixed Assets - Net Block	5,862	6,186	5,628	3,440	3,193
Current Assets	5,275	4,264	3,135	1,979	2,339
Current Liabilities	3,011	2,764	2,394	1,741	1,474
CASH FLOW STATEMENT					
Net Cash Generated from Operations	1,858	1,533	1,876	2,126	968
Cash and Cash Equivalents	3,860	2,899	2,289	1,415	949
SIGNIFICANT RATIOS					
Operating EBITDA / Net Sales	26%	23%	26%	28%	29%
Return on Capital Employed (EBIT/ Avg.CE)	22%	21%	23%	27%	34%
Debt Equity Ratio (Debt/ (Debt+NW))	0.00	0.01	0.01	0.03	0.05
Price Earning Ratio [#]	23.83	19.37	17.28	12.96	7.57
Book Value Per Share (₹)	57.24	52.67	48.01	42.47	37.23
Basic Earning Per Share (₹)	8.43	8.02	8.28	8.00	9.21
Dividend Per Share (₹)	3.60	3.20	2.60	2.40	2.20
Dividend Payout Ratio	50%	46%	37%	35%	28%
Current Ratio	1.75	1.54	1.31	1.14	1.59
OPERATIONS					
Cement Capacity - Million Tonnes	27.95	27.35	25.00	22.00	22.00
Cement Production - Million Tonnes	21.62	20.97	20.13	18.83	17.76

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

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



In India, and around the world, it is acceptable for a cement plant to shut down on an average, every 300 hours for unscheduled repairs. Complex machines, no matter how well maintained, do fail after all.

But for the engineers at the Ambujanagar plant, this was an unacceptable statistic. They took it upon themselves to go look beyond the benchmarks and create new ones. This would require devising a whole new approach to plant maintenance.

Our engineers started with a study to determine what had caused plant stoppages in the past. An analysis revealed 10 major causes ranging from mechanical breakdowns to instrument failure. Instead of waiting for a breakdown, they devised a plan to tackle each one of these causes pro-actively.

The result was astounding: unplanned stoppages reduced from 16 in 2011, to 6 in 2012. The plant operated an average of 1437 hours between failures – over 4 times longer than the accepted benchmark.

Our people have proved once again that the pursuit of excellence and an 'I can' spirit can overcome any limitation.

THE ENGINEERS AT OUR

AMBUJANAGAR PLANT MADE AN

IMPORTANT DISCOVERY:

MACHINES HAVE LIMITATIONS.

PEOPLE DON'T.
