

Media Release

1) Standalone Results for Quarter ended 30th. September 2009

		Qtr. Jul – Sep 2009	Qtr. Jul – Sep 2008	Growth (%)
Sales Volume – Cement	Million Tonnes	4.1	3.9	4.8%
Net Sales	Rs. crore	1,611	1,387	16.1%
EBITDA	Rs. crore	462	409	13.0%
Profit Before Tax and Exceptional Items	Rs. crore	442	371	19.1%
Net Profit	Rs. crore	318	250	27.2%

Ambuja Cements Ltd (ACL) today announced that production of cement for the quarter ended 30th. September went up by 6.5%, to 4.2 million tonnes, compared to 4.0 million tonnes for the same quarter last year.

Domestic sales volumes increased by 9.1%, from 3.6 to 3.9 million tonnes, whereas exports were only 150 thousand tonnes compared to 300 thousand tonnes last year. Net sales increased by 16.1%, to reach Rs. 1,611 crore, on the back of the higher volumes, change in mix between domestic and export sales, and some improvement in realisations.

Input costs moderated to some extent, and consequently, EBITDA for the quarter improved by 13.0% year on year, from Rs. 409 crore to 462 crore.

Profit before tax and exceptional items increased, by 19.1%, to Rs. 442 crore.

2) Highlights of Quarter ended 30th. September 2009

Cement demand again registered double digit growth during the quarter. The central and eastern regions were particularly strong, while the southern region witnessed a sharp slowdown, mainly in Andhra Pradesh, as well as unfavourable weather conditions.

The main drivers of the strong demand have been increased spending on infrastructure projects, and the delayed monsoon. There are early signs of a recovery in the urban housing market.

Export markets, particularly the Gulf region, have on the other hand become very weak, with orders difficult to come by and prices unattractive. This results in volumes being diverted to some extent into the domestic market.

Fuel and power costs further reduced during the quarter, as the higher cost imported coal acquired in 2008 has now been fully consumed.

There were further clinker purchases during the quarter, mainly in the eastern region, in order to maintain cement output and contribute positively to EBITDA.

Surplus power continued to be sold into the market, generating Rs. 17 crore of revenue in the quarter, which is reported under other operating income.

Plant performance improvement remains a key focus area, and many initiatives are in progress in order to eliminate bottlenecks and optimise production output.

3) Projects update

During the quarter, a 15 MW thermal power plant was commissioned at the Maratha plant in Maharashtra, while the second phase of captive power expansion at the Ambujanagar plant is almost complete.

Commissioning of the new clinkerisation line at Bhatapara is scheduled for the next quarter, and the second major expansion, at Rauri, is also expected to come on stream around the end of 2009.

The two new 1.5 million tonne grinding facilities in the North, at Dadri and Nalagarh, are expected to be commissioned during the last quarter of 2009, and first quarter of 2010, respectively.

After commissioning of these projects, total cement capacity will increase to 25 million tonnes.

4) Outlook

Cement demand should remain robust in the December quarter, despite the festival season, and the industry is likely to see double digit growth in 2009. However, export markets may remain depressed.

Pricing pressure has begun to appear in certain markets, particularly in the southern and central regions, and may persist into 2010. The recent hike in domestic coal prices will also put additional pressure on operating margins.

A L. Kapur

Managing Director

Mumbai, 28th October 2009