

Ambuja Cement

Media Release

1) Standalone Results for Quarter ended 31st March, 2010

		Qtr. Jan – Mar 2010	Qtr. Jan – Mar 2009	Growth (%)
Sales Volume – Cement	Million tonnes	5.27	5.05	4.3%
Net Sales	Rs. crore	1,990	1,846	7.8%
EBITDA	Rs. crore	651	540	20.5%
Profit Before Tax and Exceptional Items	Rs. crore	590	491	20.2%
Net Profit	Rs. crore	462	334	38.3%

Ambuja Cements Ltd (ACL) today announced that production of cement for the quarter ended 31st March went up by 7.6%, to 5.33 million tonnes, compared to 4.95 million tonnes for the same quarter last year.

Domestic sales volumes increased by 7.7%, from 4.77 to 5.14 million tones. Exports were 129 thousand tonnes compared to 277 thousand tonnes last year. Net sales increased by 7.8%, to reach Rs. 1,990 crore, on the back of the higher volumes and some improvement in realisations.

Energy costs and clinker purchases were lower compared to last year, and consequently EBITDA for the quarter improved by 20.5% year on year, from Rs. 540 crore to 651 crore.

Profit before tax and exceptional items increased by 20.2%, to Rs. 590 crore.

2) Highlights of Quarter ended 31st March 2010

Cement demand remained buoyant during the quarter, growing at approximately 10% year on year, mainly as a result of sustained high levels of rural housing and infrastructure spending. The East and West regions were particularly strong, while demand softened to some extent in South and North. Export markets remained relatively depressed.

Some further clinker purchases were necessary during the quarter, pending full stabilisation of the newly commissioned clinkerisation plants. However, the quantity was less than last year, resulting in lower raw material costs year on year.

Fuel and power costs also further reduced during the quarter, mainly as a result of the significant decline in the cost of imported coal, improvements in energy consumption through debottlenecking, and lower requirements for purchased grid power.

Surplus power continued to be sold into the market, generating approximately Rs. 14 crore of revenue in the quarter, which is reported under other operating income.

Freight and forwarding expenses increased by 19% year on year. Apart from the effect of higher diesel and packing material prices, several regions experienced severe logistics bottlenecks, caused by limited rake availability. As a result, a greater quantity of material had to be moved to the market by using more expensive means of transport.



AMBUJA CEMENTS LIMITED

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- 2

3) Exceptional Items

During the quarter, the investment in ING Vysya Life Insurance Company was sold, and a gain of Rs. 72.6 crore was recorded.

As a result of a change in the estimation of provisions for slow moving inventories, based on the inventories' age, a provision of Rs. 52.5 crore was recorded.

4) Projects

During the quarter, commercial production commenced at the following locations:

- a) Clinker plant of 2.2 million tonnes capacity, at Bhatapara in the state of Chhattisgarh.
- b) Clinker plant of 2.2 million tonnes capacity, at Rauri in the state of Himachal Pradesh.
- c) Cement grinding plant of 1.5 million tonnes capacity, at Dadri in the state of Uttar Pradesh.
- d) Cement grinding plant of 1.5 million tonnes capacity, at Nalagarh in the state of Himachal Pradesh.
- e) Thermal power plant of 33 MW capacity, at Bhatapara.

After commissioning of these projects, at a total cost of approximately Rs. 2,700 crore, total cement production capacity has increased to 25 million tonnes.

5) Outlook

Cement demand should remain strong in the June quarter, but activity is likely to dip temporarily as we head into the monsoon season. The medium term outlook for demand, however, remains positive.

Input costs, particularly coal, have seen an upward trend in recent months, which, if sustained, could put pressure on operating margins in the medium term.

With its newly commissioned production facilities, ACL is well positioned to take advantage of buoyant market conditions and strengthen its market leadership.



A L. Kapur
Managing Director

Mumbai, 22nd. April 2010

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