Ambuja
Cement

1. Standalone results for quarter ended 30th June , 2011

		Qtr. Apr-Jun 2011	Qtr. Apr-Jun 2010	Growth (%)
Sales Volume – Cement and Clinker	Million tonnes	5.29	5.41	-2.2%
Net Sales	Rs Crore	2,173	2,048	6.1%
EBITDA	Rs Crore	598	644	-7.1%
Profit Before Tax and Exceptional Items	Rs Crore	532	562	-5.3%
Net Profit	Rs Crore	348	391	-11.2%

Ambuja Cements Ltd (ACL) today announced that cement production for the quarter ended 30th June was 5.20 million tonnes, lower by 5.6% compared to 5.51 million tonnes for the same quarter last year. Clinker production went up by 12% from 3.72 million tonnes to 4.16 million tonnes on account of two new kilns commissioned in the first quarter of last year.

Overall sales volume decreased by 2.2% from 5.41 million tones to 5.29 million tonnes. Domestic cement sales volumes at 5.1 million tonnes were lower by 2.4% compared to last year. Cement exports were 92 thousand tonnes compared to 142 thousand tonnes last year. Clinker sales volumes were at 127 thousand tonnes compared to 71 thousand in same quarter last year. Net sales were 6% higher at Rs. 2173 crore.

Operating cost increased substantially during the quarter driven by increase in raw material cost as well as power & fuel cost driven by sharp rise in coal prices and higher grid power tariff. The mitigating measures taken in terms of substitution of purchased clinker with produced clinker, improvement in thermal/electrical efficiencies and improvement in realization were able to only partly negate the steep increase in input cost. EBITDA fell by 7.1% from Rs.644 crore to Rs.598 crore.

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2. Dividend

The Board of Directors has recommended an interim dividend of Rs.1.40 per share (70%)

3. Highlights of Quarter ended 30th June, 2011

Cement demand growth was muted at 0.4 % year on year as compared to a 6.4% growth registered in corresponding quarter. High inflation and hardening interest rates have slowed down housing construction and infrastructure spending. Export market remained subdued.

Cost of other raw material was up by 20%.Power & fuel costs increased by 24% year on year, partly as a result of higher clinker production by 12% year on year. Freight and forwarding expenses increased by 11% year on year. The overall cost of goods sold went up by 12.2% year on year.

Increase in clinker production, improvement in operational efficiency and improvement in sales realization could only partially offset the steep increase in cost. As in consequence the EBITDA margin dropped by 3.9%. EBITDA for the quarter decreased by 7.1% at Rs.598 crore.

Net Profit for the quarter was Rs 348 crore.

4. Projects update

In June'11, ACL commissioned its fifth cement mill of 0.9 million tones capacity at MCW plant in Maharashtra.

5. Outlook

With steep increases in cost driven by increase in raw material cost, coal cost, high inflation and coupled with subdued demand, profit margins are expected to be under pressure. ACL would continue its thrust in improving productivity and operational efficiency to partly mitigate these pressures. Cement demand is expected to be low during the monsoons. Revival of the demand thereafter and improvement in realization to absorb the cost increases would be critical for the remaining part of the year.

Onne van der Weijde

Managing Director

Mumbai, 28th July 2011