

## Media Release

### Consolidated Results for the year ended December 31, 2010

		<b>Year Jan-Dec 2010</b>	<b>Year Jan-Dec 2009</b>	<b>Growth (%)</b>
<b>Sales Volume – Cement</b>	Million Tonnes	<b>21.29</b>	<b>21.52</b>	<b>-1.1</b>
<b>Sales Turnover</b>	₹ Crore	<b>8258.77</b>	<b>8479.55</b>	<b>-2.6</b>
<b>Profit before Tax</b>	₹ Crore	<b>1415.42</b>	<b>2247.48</b>	<b>-37.0</b>
<b>Net Profit after Tax</b>	₹ Crore	<b>1077.53</b>	<b>1563.91</b>	<b>-31.1</b>

#### **1. Financial Results**

Sales volume of cement remained more or less flat. Consolidated sales turnover during the year at ₹ 8258.77 crores, was 2.6 per cent lower as compared to the turnover of ₹ 8479.55 crores in 2009. Consolidated profit before tax and exceptional items during the year under review declined to ₹ 1415.42 crores as against ₹ 2247.48 crores in the preceding year. Consequently consolidated profit after tax in 2010 was also lower at ₹ 1077.53 crores as compared to ₹ 1563.91 crore in 2009. Profits were adversely affected by a fall in selling prices as well as by escalations in the costs of major inputs such as slag, fly ash, coal and power.

#### **2. Progress on Expansion Projects**

The company is proud to announce the commissioning of the expanded Wadi 2 kiln in September 2010 with a capacity of 12,500 tonnes per day being the largest cement kiln in the world. A 25 MW captive power plant was commissioned at Wadi in October 2010 while a second unit also of 25 MW is scheduled to be completed in the first quarter of this year.

The new clinkering line of capacity 7000 tonnes per day at Chanda in Maharashtra commenced trial production in November 2010, which would ultimately result in additional cement capacity of about 3 MTPA. We expect it to ramp up progressively in the first half of 2011. The project included the establishment of a captive power plant of 25 MW capacity which has also been commissioned and this would enable Chanda to meet its entire power requirement.

With the commissioning of these two projects at Wadi and Chanda, the total installed capacity of ACC increased to about 30 million tonnes per annum.

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### **3. Cement Industry**

Government's continued thrust on infrastructure development helped to boost the demand for cement. During the year 2010, the cement industry registered growth in demand of around 10 per cent to 212 million tonnes. The industry's capacity increased by 36 million tonnes or about 16 per cent to reach 260 million tonnes in 2010, with capacity utilization slipping to around 80 per cent. There was a pressure on selling prices which, coupled with increases in the cost of major inputs such as coal, slag, fly ash and power, impacted realisations.

### **4. Outlook**

With the foundation of steady GDP growth, we foresee that demand for cement is likely to grow in the coming year at about 9-10 per cent. ACC is well poised to service this growth in the market with its newly enhanced capacity, as it pursues higher levels of operating performance and cost efficiencies. The outlook is further reinforced by the company's vigorous plan to strengthen its supply chain, customer servicing and brand visibility.

However, some bottlenecks faced by the industry such as consistent supply of major inputs like coal, slag, power and rail transport are likely to continue. We also expect that the pressure on selling prices will be maintained in the near term.

### **5. Dividend**

The Board of Directors has recommended payment of final dividend of ₹ 20.50 per share which is inclusive of a one time special Platinum Jubilee dividend of ₹ 7.50 per share. The total dividend together with the Interim Dividend paid earlier aggregates to ₹ 30.50 per equity share.



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