Kuldip Kaura,
CEO & MD- ACC Limited,
Motilal Oswal Investor Conference,
August 2012
India has the 2nd largest cement industry in the world with demand at ~224 MT (world ~3570 MT) in 2011 & capacity ~290 MT (world ~4100 MT).

Cement demand expected to grow at ~8-9 % per annum in foreseeable future on the back of ~7 % GDP growth.

Lower Indian Per capita consumption and higher Infrastructure growth leaves a bigger room for industry growth.

Fragmented Industry, with more than 100 players

- Over 4 Lakh Dealer/Retailers
- 100+ RMX players
- 1.5 crore bags sold daily. More than 98% of the total despatches sold in bags.

Source: IMF, CMA and E&Y Report

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Indian Cement Market Development

Demand - Next Five Years @ 10% CAGR

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011</th>
<th>2016</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>224</td>
<td>341</td>
<td>17%</td>
</tr>
<tr>
<td>Comm+Indus</td>
<td>43</td>
<td>68</td>
<td>9%</td>
</tr>
<tr>
<td>Housing</td>
<td>152</td>
<td>214</td>
<td>7%</td>
</tr>
</tbody>
</table>

Key Demand Drivers

**Infrastructure**
- Construction linked sector account for 8.3% of 12th plan spend ~ 850 bn.
- Infrastructure development – Roads, Ports, Power, etc

**Commercial / Industrial**
- High Growth in retail, commercial and institutional sector in urban and semi-urban areas
- High Growth in industry segment

**Housing**
- Population growth and rising per capita income
- Mass urbanization of ~ 250 Million people over next ~20 years
- Thrust by Govt. on Rural / low cost / mass housing
Industry structure undergoing major changes

<table>
<thead>
<tr>
<th>Investment Cycle</th>
<th>Planning Period</th>
<th>Land Cost</th>
<th>Exchange Rate /Inflation</th>
<th>Energy/Environment Regulations</th>
<th>Operating Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fuel Cost (Coal)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(5-7 years)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(50-100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Enhanced</td>
<td></td>
</tr>
</tbody>
</table>

- Significant increase in Investment Cost per ton
- Significant increase in Operating Cost
Indian Cement Scenario

**Market Development**
- Long term GDP growth of ~7% leading to multiplier effect for cement demand growth of ~8-9%
- Rising disposable income
- Increased investment in infrastructure by Govt. Expected investments of ~1 trillion USD in 5 yr Plan (2012-17) by Govt.
- Mass urbanization of ~ 250 Million people over next ~20 years

**Cost Outlook**
- Overall cost pressure will continue due to rise in cost of domestic coal & reduction in coal linkage and volatile import coal prices
- Rising cost of key input materials like fly ash, slag & road and railway freights
- Inflation remains at high level, & additionally rupee depreciation impacting imports

**Capacity Utilization**
- Cap. Utilztn. is under pressure as supplies are coming from commissioned projects
- In mid-term, good demand would gradually improve the ratio

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**Demand - Supply**

All values in Mio tons

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand</th>
<th>Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>224</td>
<td>341</td>
</tr>
<tr>
<td>2012</td>
<td>291</td>
<td>341</td>
</tr>
<tr>
<td>2013</td>
<td>319</td>
<td>341</td>
</tr>
<tr>
<td>2014</td>
<td>339</td>
<td>341</td>
</tr>
<tr>
<td>2015</td>
<td>366</td>
<td>341</td>
</tr>
<tr>
<td>2016</td>
<td>390</td>
<td>341</td>
</tr>
</tbody>
</table>

Demand CAGR: 9%
Supply CAGR: 6.3%

Util Factor: 77% - 84%
ACC – Pioneer Of Indian Cement Industry with a Rich Heritage

- ACC was incorporated on August 1, 1936, in a historic merger of ten cement companies belonging to four business groups
- ACC became Holcim group company in 2005

ACC is first among equals

1947 - First indigenous plant at Chaibasa, Jharkhand
1956 - First with bulk cement distribution at Okhla, Delhi
1961 - First with blended cement using blast furnace slag from TISCO
1978 - First to introduce energy efficient precalcinator technology
1982 - First to commission a 1 MTPA cement plant at Wadi, Karnataka
1994 - First to start commercial manufacture of Ready Mixed Concrete
2011 - World’s largest cement kiln installed at Wadi Karnataka, with a capacity of over 13000 MT of clinker per day
ACC – A Pan India Presence

Nationwide presence

- 16 cement plants - capacity of 30 million tonnes/annum
- 21 sales units, 66 area offices
- 55+ RMX plants
- 10,000 dealers

2011: Cement & Clinker Sales*

| Volume (MioT) | 23.97 |
| Net Sales (Mio USD) | 1870 |
| EBITDA (Mio USD) | 410 |

*1 USD = 50 INR
ACC Ltd. set up its first commercial RMX plant in India in 1994 becoming a pioneer in RMX industry

ACC Concrete was started as a subsidiary of ACC Ltd. in Jan 2008

Pan India RMX penetration is around 7% and in Indian metros around 18% - Clearly a long way to grow for RMX market in India

Key company statistics
• 55 plants across India with presence in all Major cities
• 2011- Volume Sold 2.1 mio m3. Net Sales of Rs 6,800 mio.
• Number of Transit Mixers – 300
• Number of pumps is – 50
ACC Operational & Financial Performance

Market share to 11%

- Ramp up of Wadi, Chanda
- Enhancement of distribution network
- Access to new markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Volume (in MT)</th>
<th>EBITDA (Rs Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>12.8</td>
<td>21.3</td>
</tr>
<tr>
<td>2011</td>
<td>23.7</td>
<td>23.7</td>
</tr>
<tr>
<td>H1 2012</td>
<td></td>
<td>12.8</td>
</tr>
</tbody>
</table>

Improved EBITDA

- Better internal efficiencies
- New premium product launches
- Higher sales volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (Rs Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,812</td>
</tr>
<tr>
<td>2011</td>
<td>1,921</td>
</tr>
<tr>
<td>H1 2012</td>
<td>1,333</td>
</tr>
</tbody>
</table>

ACC Limited
<table>
<thead>
<tr>
<th>ACC: Perspective</th>
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</thead>
</table>

### Growth Potential
- Participate in India growth story
- Indian market to grow from 224 to ~500 by 2020
- To maintain market share at ~11%
- Potential to grow to ~55 MTPA by 2020

### Performance Potential
- Mindset to touch benchmark and theoretical performance levels
- Customer centricity and value creation
- Cost Leadership
- Architecture to drive performance
ACC towards Customer Centricity

- Launched Premium Products (F2R, Coastal +, Concrete+) to address identified market gaps and needs
- Rolled out CRM across the country
- Customer Help Centers and Interactive website (www.acchelp.in) to provide construction solutions
- Improve time to serve - delivery within 2 hrs
- High emphasis on mason training programs to impart new construction technology knowledge
Manufacturing Excellence
To improve efficiencies across KPIs

1. PPC clinker factor (%)
   - Baseline: 67.0
   - Aspiration: 62.0
   - ACC Performance: 60.0

2. PSC clinker factor (%)
   - Baseline: 46.3
   - Aspiration: 41.3
   - ACC Performance: 40.0

3. Thermal energy (MJ/t Clinker)
   - Baseline: 3101
   - Aspiration: 2923
   - ACC Performance: 2885

4. Electrical energy (kwh/t cement)
   - Baseline: 89.6
   - Aspiration: 79.9
   - ACC Performance: 79.8

5. CPP PLF (%)
   - Baseline: 59.6
   - Aspiration: 85.0
   - ACC Performance: 86.0

Legend:
- Green: Best performing plant
- Yellow: ACC Performance
Logistics Excellence: GIGO
RFID implemented to achieve best-in-class GIGO time

Key Drivers of Success
- Complete visibility of vehicle information and movement
- Driver does not get down at any point

Plant in → Plant out

Gate in Gate out captured

Weigh Bridge
- Weigh bridge reading captured through RFID. Loading bay no. displayed
- Gross weight
- Tare weight
- EGP printed automatically with weight out

Loading bay – packer 1
Loading bay – packer 2
Loading bay – packer 3

Yard

GIGO time reduced from 180 minutes to 110 minutes

- Vehicle side plant fixed to 45 numbers
- Yard detention time reduced to 7 hrs
- Enabled safe and smooth flow of vehicle inside the plant

RFID reader

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HR Excellence:
Strengthen the HR system to increase people centricity

**Processes**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment, on boarding&lt;br&gt;Attract and onboard the right talent profile as per needs of ACC</td>
<td>Manage my career&lt;br&gt;Clear and faster paths for leadership roles with enabling systems</td>
<td>Talent Mgmt/ capability building&lt;br&gt;Segment and develop talent for critical skills at ACC</td>
<td>Productivity improvement*&lt;br&gt;Zero based manning approach for ideal plant structure</td>
</tr>
</tbody>
</table>

**Enablers**

- World class HR organization<br>Accountable HR organization with right KPIs and skills
- Communication and quality of life<br>Improve two way communication with employees and quality of life
- HR performance radar<br>Review and improvement of critical people indicators at each unit
- Mindsets and capabilities<br>Managers and leaders oriented and trained to drive people excellence at ACC
ACC’s growth potential

Next 8-10 years, Opportunity to create another ACC

- Installed Capacity (mio Tons per annum)
  - 2011: 30
  - 2016: 38
  - 2020: 55

Market size

- 2011: 224
- 2016: 312
- 2020: 470

Jamul Project with 2.79 MTPA Clinker capacity and 5.15 MTPA Cement capacity is under implementation. Expected commissioning by 2015
ACC’s Journey towards sustainability

- Greenhouse gas emissions: ACC reduced specific CO2 emissions from 812 kg /t (1990) to 545 kg /t (2012). Ongoing efforts to improve further
  - Clinker Factor to reduce from current 65% to ~ 60%
  - Electrical Energy to reduce from current 89.6 kwh/t cement to 80 kwh/t cement.
  - Thermal Energy to reduce from current 3101 MJ/T Clinker to 2885 MJ/T Clinker
  - ACC plans to double (~740000 tons) its AFR usage by 2015

- Renewable Energy
  - Wind Power: 19 MW installed. Additional 15 MW conceptualized
  - Waste Heat Recovery system at Gagal is being installed and feasibility at other plants is being examined

- On Going focus on Water Conservation, Afforestation and tree plantation

- ACC publishes annual Corporate Sustainable Development Reports based on GRI guidelines
ACC – Community Development Impacting Over 1 Lakh People in 100+ Villages

- **Sustainable Community Development** – in 100 villages around its operations through livelihood generation, rural infrastructure, literacy, women’s empowerment. Notable successes - 289 self help groups benefitting 2900 women

- **Education & Training** – ACC supports 66 Govt. schools in backward districts. Operates 16 schools wherein 10,000 students receive education. ACC runs 2 technical institutes at Kymore (MP) and Jamul (Chhattisgarh). ACC has partnered with seven ITIs for their upgradation through the PPP program

- **Community Health** – ACC medical clinics conduct village health camps. ACC is the first corporate to set up Anti-Retroviral treatment centres for combating AIDS. Around 6000 people have benefited.

- **Building infrastructure for livable neighborhoods**
ACC Limited

ACC - Awards & Accolades

- ACC was the very first recipient in 1976 of National Award for Rural and Agricultural Development Activities from ASSOCHAM.
- Good Corporate Citizen Award in 2006 from Bombay Chamber of Commerce & Industry
- Bombay Natural History Society Award in 1997 for supporting the cause Nature Conservation
- Golden Peacock Environment Management Special award for outstanding efforts in Environment Management
- Greentech Safety Gold and Silver Awards from Greentech Foundation for outstanding performance in Safety Management
- CNBC-TV 18’s India Business Leaders Award in the category India Corporate Citizen of the Year 2008
- The Vision Corporate Triple Impact by FICCI -2010 for Triple Bottom Line
- India Manufacturing Excellence Awards 2011
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