

ACC Limited
Registered Office
Cement House
121, Maharshi Karve Road
Mumbai 400 020, India

CIN: L26940MH1936PLC002515

Phone +91 22 3302 4321
Fax +91 22 6631 7458
www.acclimited.com

14th March 2018

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra – Kurla Complex
Mumbai 400 051
Scrip Code:ACC

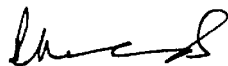
Dear Sirs

Sub: **Investor Presentation**

With further reference to our letter dated 13th March 2018, we are enclosing the pdf version of the presentation to be made to the Analysts/Institutional Investors of the Company.

For your information and record.

Yours faithfully
For ACC Limited



Ramaswami Kalidas
Company Secretary & Head Compliance
FCS: 2440

Encl.:



ACC – ACL Master Supply Agreement

Update on Merger and Recommendation on Unlocking Synergies

Investor Presentation
13th March 2018





Disclaimer / Safe Harbour

Cautionary statement regarding forward-looking statements

This presentation may contain certain forward-looking statements relating to ACC Limited (“**ACC**” or “**Company**”) and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

This presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this presentation. This presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this presentation is expressly excluded.

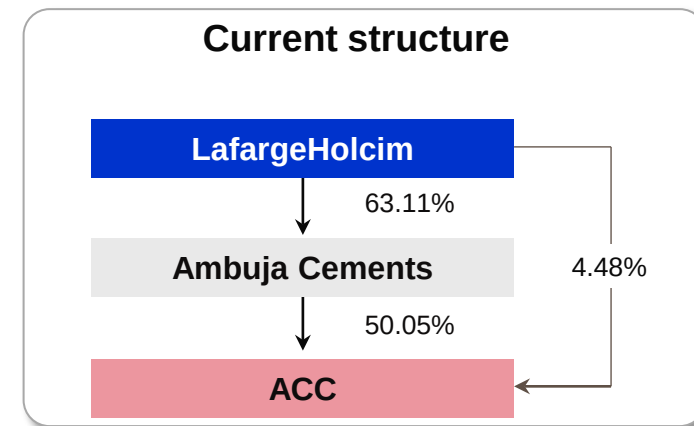
The Master Supply Agreement contemplates an arrangement that has not been tested before at this scale. While each company shall seek to maximize the benefits for their respective shareholders, ACC cannot guarantee the quantum of financial benefits that shall be realized from the Master Supply Agreement.

The amount of benefits realized by ACC from the Master Supply Agreement are subject to multiple variables, including, market circumstances, demand and supply, seasonal and geographical variations and other external conditions that will impact each company’s ability to realise synergy benefits. Hence, while the objective is to ensure equitable sharing of benefits between the two companies, the quantum of benefits and incremental turnover realized by each company may vary based on time, market conditions and opportunities.

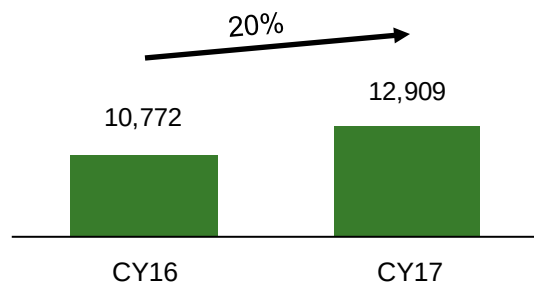
This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or in part, or disclosed by recipients directly or indirectly to any other person.

ACC Limited (ACC): Pioneer and trendsetter of Indian cement industry ...

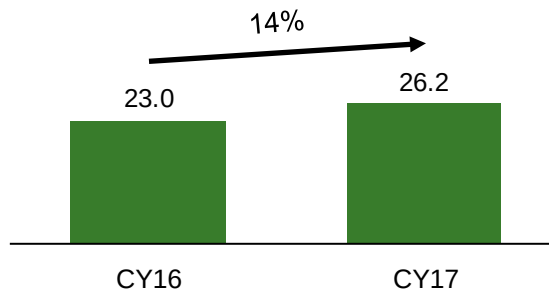
- Pan India footprint with cement capacity of 33.4 mn tonnes
- Wide spread geographical positioning
- Leading brand with large network of dealers/retailers (trade sales >75% of total volume)
- Strong balance sheet with net cash & cash equivalents of ₹ 2,560 Cr.



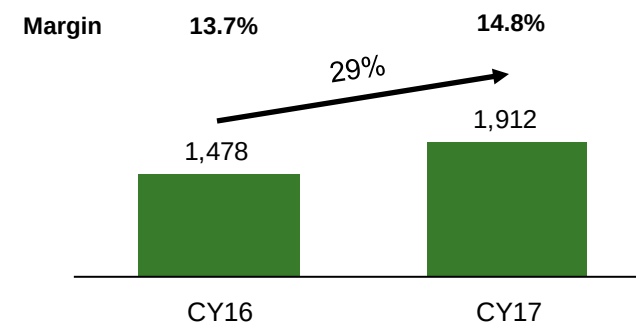
Consol Net Sales (₹ Cr.)



Sales Volumes (mn t)

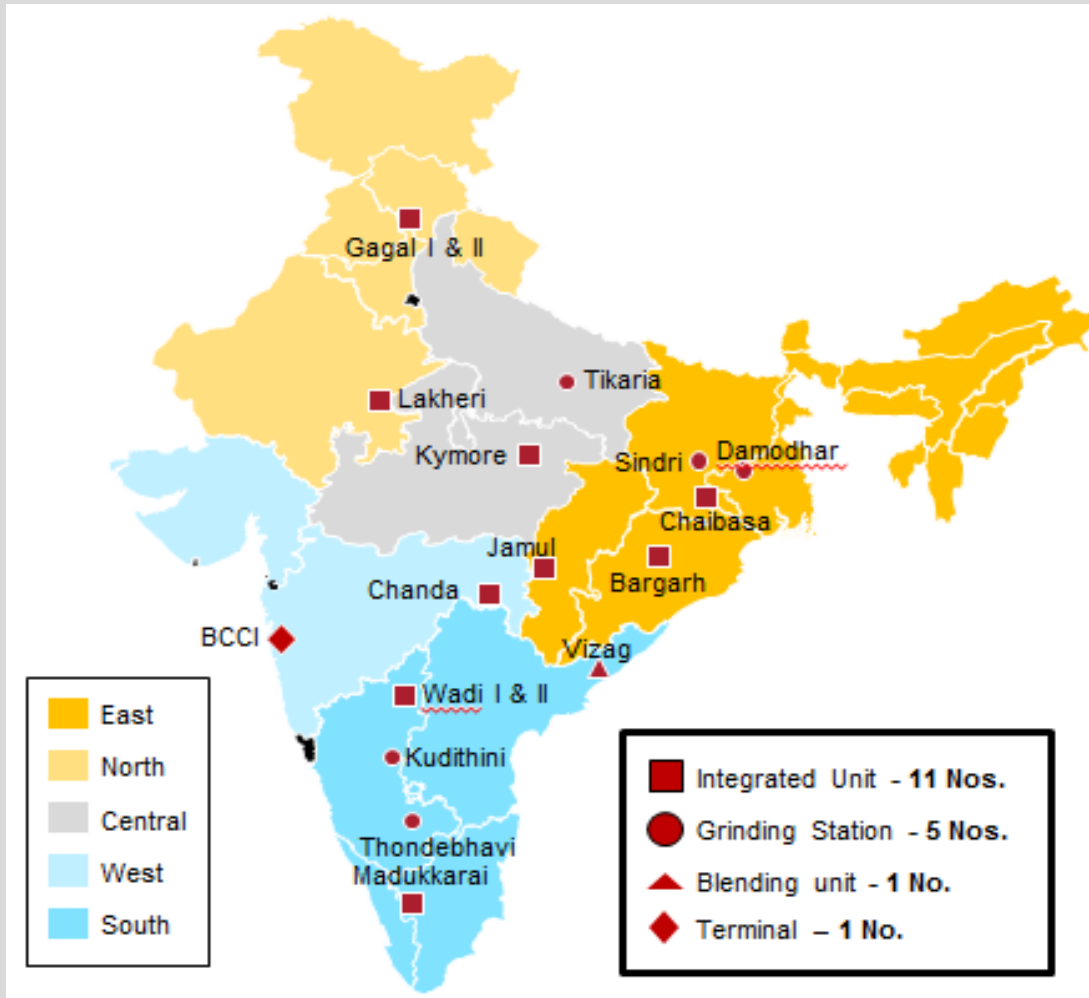


Consol Op. EBITDA (₹ Cr.) & Margin (%)



ACC Limited is one of the leading cement companies in India. It is part of the LafargeHolcim (“LH”) Group, the world leader in the building materials industry, with a presence across 80 countries, and a focus on cement, aggregates, concrete and other building materials since 2006. For eight decades, the group has provided hassle-free home building solutions with its unique sustainable development projects and environment-friendly practices

... with a strong nation-wide presence...



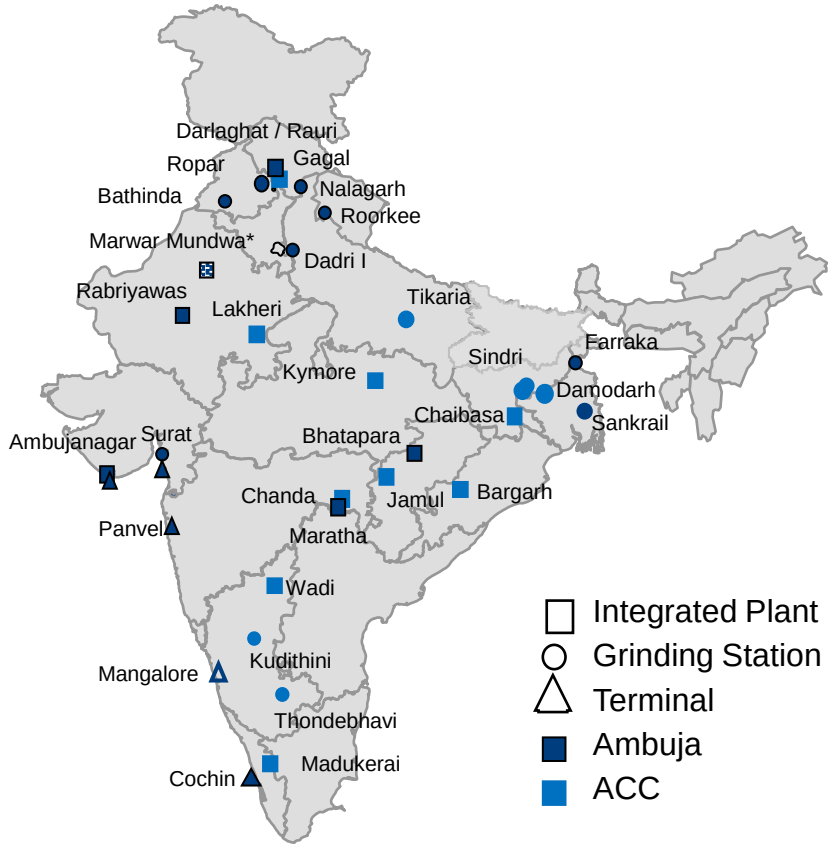
Physical Infrastructure

Integrated Plants	11
Kilns	12
Clinkerisation Capacity (MTPA)	20.1
Grinding Units	5
Cement Grinding Capacity (MTPA)	33.4
Blending Unit	1
Bulk Cement Terminal	1

Pan India footprint of ACC

... and a deep complementary pan-India footprint, along with ACL

ACC and Ambuja Brands : Two of the strongest brands in Indian cement industry



- LafargeHolcim Group has substantial investments in India through Ambuja Cements Limited ("ACL") (its direct subsidiary) and ACC Limited (its indirect subsidiary)
- The LafargeHolcim Group, one of the largest foreign investors in the Indian building material sector, has invested over US\$ 8.7 bn, to build up its equity participation as well as to maintain and expand cement capacities
- ACC & Ambuja pan-India footprint : 16 integrated plants, 13 grinding units and 5 Cement Terminals/ Blending units with total cement capacity of ~ 63 mn tonnes
- Over 50 modern RMX plants spread across all major consumption centers
- Strong focus on R&D with dedicated centers at various international locations including India
- Green Building Centers to promote environmentally sustainable practices and reduce carbon footprint
- Vast network of more than 20,000 dealers and 1,00,000 retailers, distributing cement in more than 20 States and ~500 districts in India
- ~13,000 permanent employees

We leverage the LH Group's global knowledge & experience, and combine them with local execution capabilities, while collaborating with the Government for social, housing & infrastructure initiatives



ACC Consolidated Performance

CY 2017 Performance Highlights

Capacity Utilization Up

6%

2017: 79%
2016: 73%

Highest ever Cement Volume

14%

2017 : 26.2 mn t
2016 : 23.0 mn t

Net Sales YoY growth

20%

2017 : ₹ 12,909 Cr
2016 : ₹ 10,772 Cr

EBITDA Growth

29%

2017 : ₹ 1,912 Cr
2016 : ₹ 1,478 Cr

EBITDA Margin Growth

110 bps

2017 : 14.8%
2016 : 13.7%

PBT Growth

48%

2017 : ₹ 1,310 Cr
2016 : ₹ 885 Cr

PAT Growth

41%

2017 : ₹ 925 Cr
2016 : ₹ 658 Cr

EPS Growth

40%

2017 : ₹ 49 /Share
2016 : ₹ 35 /Share

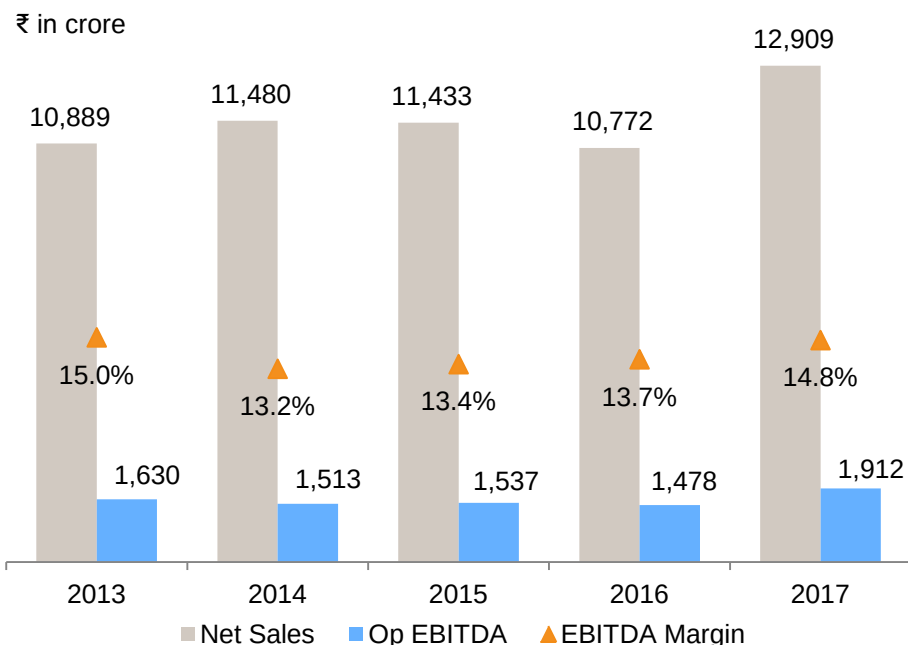
Cash & Cash Equivalent

41%

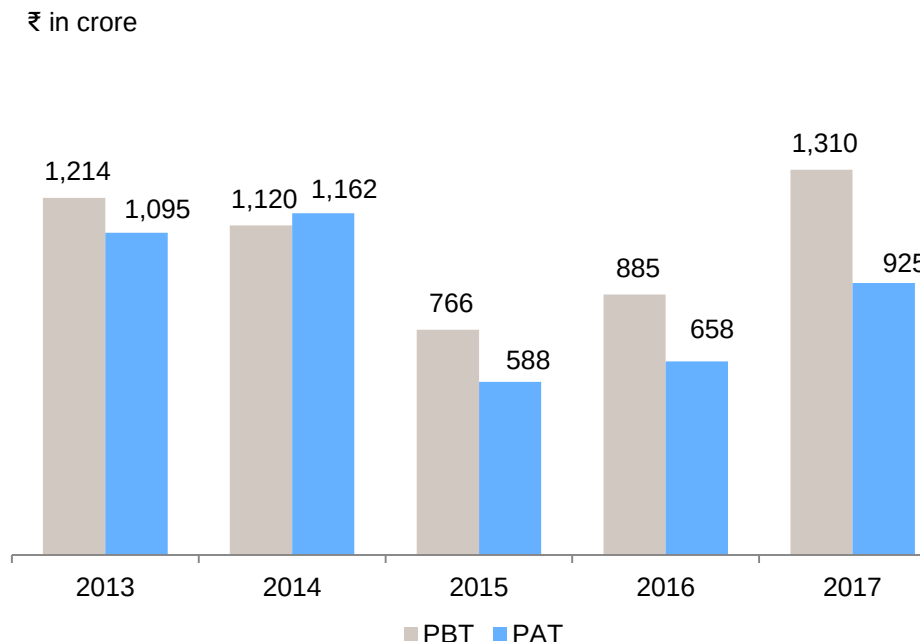
2017 : ₹ 2,560 Cr
2016 : ₹ 1,810 Cr

ACC* – Strong performance despite market challenges

Net Sales, Operating EBITDA & EBITDA Margin



Profit Before Tax & Profit After Tax

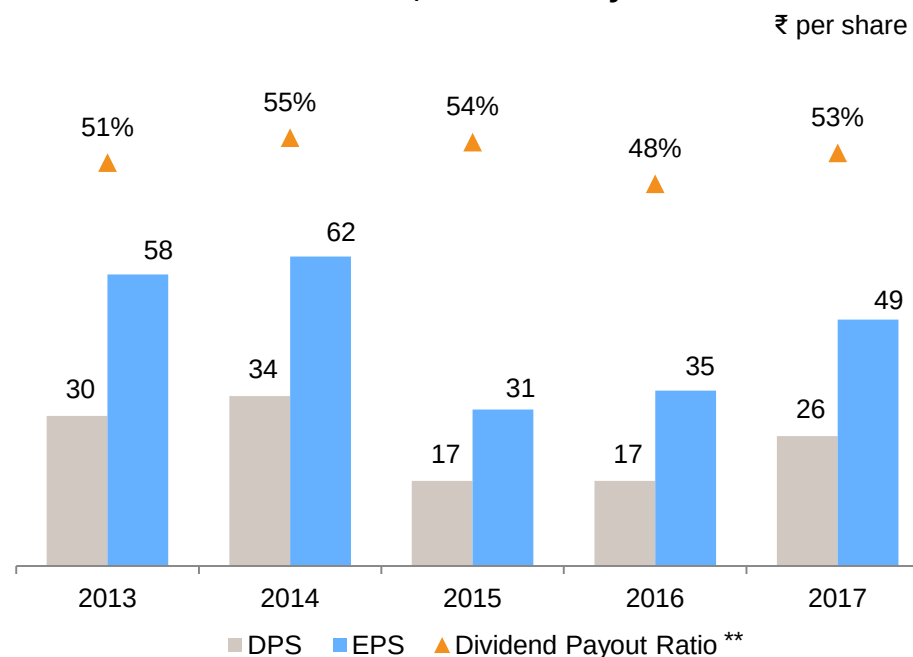


- Achieved an absolute EBITDA of ₹ 1,912 Cr., which was higher by 29% y-o-y basis
- Profit before Tax stood at ₹ 1,310 Cr., Up by 48% y-o-y basis
- Net Profit stood at ₹ 925 Cr., Up by 41% on a y-o-y basis

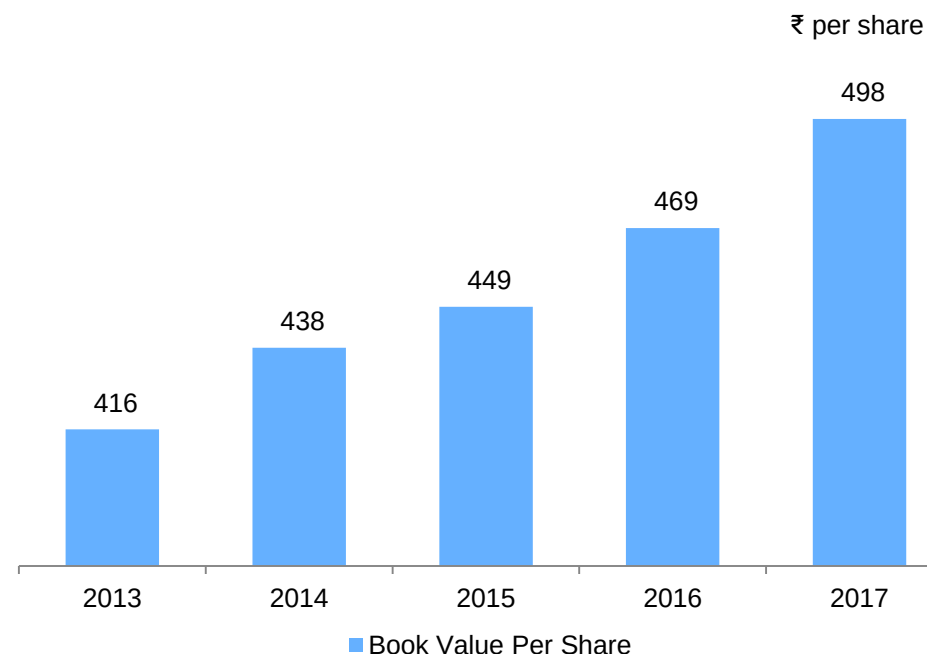
Increased focus on premium products & targeted approach to customers delivering robust revenue growth and focus on cost efficiency improvement

ACC* – Dividends per share/ EPS/ Dividends Pay-out ratio

Dividend/share, EPS and Payout ratio



Book Value Per Share



- The company has maintained a consistent and progressive dividend payout ratio

* Data for Consolidated Figures; CY16 and CY17 figures are as per IND AS

** Calculated without considering Dividend Distribution Tax

Strong Brand – Product and Service Portfolio

Cement

Retail

B2B

80%

20%

Products



Base Range



Premium Range



GBC Bricks



Bulk Cement

Services



On-site services



Construction Ka Doctor
&
In-store services



Consumer & Dealer
Mobile Apps & Digital
Services



B2B Services

Strong Brand – Product and Service Portfolio

Across B2B segments – Mid & High Rise, Roads, Commercial Segment, Other Infrastructure

Ready Mix Concrete

Products



Regular RMX (M5 to M60)

ACC Supercrete

ACC Ecocrete

UTWT 24
Integrated . Solid . Firm Solutions

ACC Coolcrete

Fibrecrete

ACC Jet-setcrete

ACC Flowcrete

Value Added Products

ACCOPlast

ACCOFIX

Allied Products

Dedicated Plants

Services

Operation and Maintenance Projects

Pumping and Lifting services



Update on Merger

Update on merger

- Pursuant to the decision taken by ACC Board on May 5, 2017, a detailed study was undertaken by the Special Committee of Directors to consider the proposed merger of ACC and Ambuja
- Based on the findings of the study, ACC Board is of the view that:
 - Given the significant scope for synergies between ACC and Ambuja, a merger is commercially in the long term interest of all stakeholders and remains the ultimate goal
 - However, the current regime on transfer of mineral concessions is still evolving and does not provide for a merger currently. Given the challenges of achieving such transfers across 19 states, it was found prudent not to pursue the same at this point of time

Proposed Arrangement

Proposed Agreement – Resulting in Immediate Benefits (1/2)

- The management is committed to unlocking possible benefits from various areas of synergy between ACC and Ambuja, and thereby create additional value for their shareholders in comparison to the current situation
- The Board of ACC in the meanwhile, subject to shareholder approval, proposes to unlock synergies without undertaking structural changes between ACC and Ambuja *via* a Master Supply Agreement (“**MSA**”) being an enabling pan-India framework to:
 - procure from each other clinker, cement, raw materials (incl. fuels, fly ash, slag) and spare parts;
 - undertake toll grinding in certain plants;that are most suited to service a given market, on mutually agreed terms
- The MSA will be operationalized through Operational Guidelines as mutually agreed between the management of both companies. Both ACC and Ambuja have experience in working together and hence are well equipped for seamless implementation of the envisaged MSA
- The principle objective while operating the MSA will be to ensure that each company benefits incrementally in aggregate on an annual basis in comparison to the respective *status quo*. While the management will strive for equitable sharing of benefits between the two companies, the quantum of benefits and incremental turnover realized by each company may vary based on time, market conditions and opportunities

Proposed Agreement – Resulting in Immediate Benefits (2/2)

Key Benefits envisaged:

- The MSA will result in incremental benefits to ACC and Ambuja from respective *status quo*, and this will be achieved through:
 - optimization of the cost to service market by using each other's plant capacities where relevant
 - maximize utilization of assets to generate additional sales for each company in a financial year
 - utilization of spare inventory (raw materials and spare parts), as needed

Further, the arrangement will make the combined operations more environment friendly with a lower carbon footprint

- The management estimates a run-rate annual synergy in the range of approx. 3% - 5% of Profit Before Tax, from the envisaged MSA in the current environment

Scope and Pricing

MATERIAL / SERVICE	PRICING FORMULA & DELIVERY POINT
Cement	Manufacturing company's Average Net Selling Price minus 5% discount, applied in the following manner: (a) In case of 'FOR Delivery', the Average Net Selling Price applicable for such FOR Deliveries in the relevant district; (b) In case of 'Ex-Delivery', the Average Net Selling Price applicable for such Ex-Deliveries in the relevant district Delivery point: (a) "FOR Delivery": delivered at buying company's dealer, retailer, or consumer site, as the case may be; or (b) "Ex-Delivery": delivered at the manufacturing plant or dispatching railway yard, as the case may be
Toll Grinding	For each tonne, (A) + (B), where: (A) = Conversion charges determined at 8% of the Gross Fixed Assets Block; and (B) = Manufacturing plant's variable cost per tonne of the previous quarter, plus 10% mark-up Delivery point: At the manufacturing plant
Clinker	Price will be one of the following: (a) Ex-works market price; or (b) Ex-works market price determined by independent agency appointed by Board of Directors of both, Ambuja and ACC; or (c) Manufacturing plant's clinker variable cost of previous quarter, plus 35% markup The above hierarchy of methods will be followed for arriving at the price of clinker. Delivery point: At the manufacturing plant
Raw materials for Clinker – fuel on 'as needed basis'	Price will be one of the following: (a) Replacement cost thereof at manufacturing company's location based on market price; or (b) Manufacturing company's landed cost thereof plus carrying cost of 8% per annum for the holding period The above hierarchy of methods will be followed for arriving at the price of raw material and spare parts. Delivery point: At Manufacturing Company's location.
Raw materials for Cement – fly-ash, slag, gypsum etc. on 'as needed basis'	
Spare parts on 'as needed basis'	

Notes:

- "Average Net Selling Price" shall mean the average of the relevant district's Net Selling Price in the month immediately preceding the month in which the order is placed
- "Dealer Discount" shall mean discount offered to whole-sale dealers as per approved discount policy of the manufacturing company
- "Gross Fixed Asset Block" shall mean the gross fixed asset value of the manufacturing plant (considered without accounting for depreciation) divided by the total production (expressed in 'tonne') of the manufacturing plant in the immediately preceding financial year of the manufacturing company
- "Net Selling Price" shall mean the invoice price minus GST minus Dealer Discount

Two premium and complementary brands will continue



ACC
cement
Cementing Relationships

Durability & Trust – Eight Decades



**Ambuja
Cement**
Giant Compressive Strength

Synonymous with strength – Three Decades

100% Awareness & Brand Recall, Category-leading BEI (Brand Equity Index), scores of >5 in relevant retail markets, facilitates strong brand pull for ACC and Ambuja

Independent go-to-market strategy with strong dealer networks / distribution channels to be preserved – *Customer-end unaffected*

MSA is a supply arrangement. Each company will sell cement purchased from the other company under its own brand.

Each company will ensure compliance with its own quality standard for cement sold under its brand.

Timetable

Events	Date
File copy of the Postal Ballot Notice with the Stock Exchanges	12/03 (Monday)
Date of Commencement of Postal Ballot Voting	17/03 (Saturday)
Last date for receiving Postal Ballots by the Scrutinizer	15/04 (Sunday)
Submission of Scrutinizer`s Report to the Chairman	16/04 (Monday)
Declaration of results of Postal Ballot along with the Scrutiniser's Report and to inform the Stock Exchanges and display on the website of the Company and Depository	16/04 (Monday)

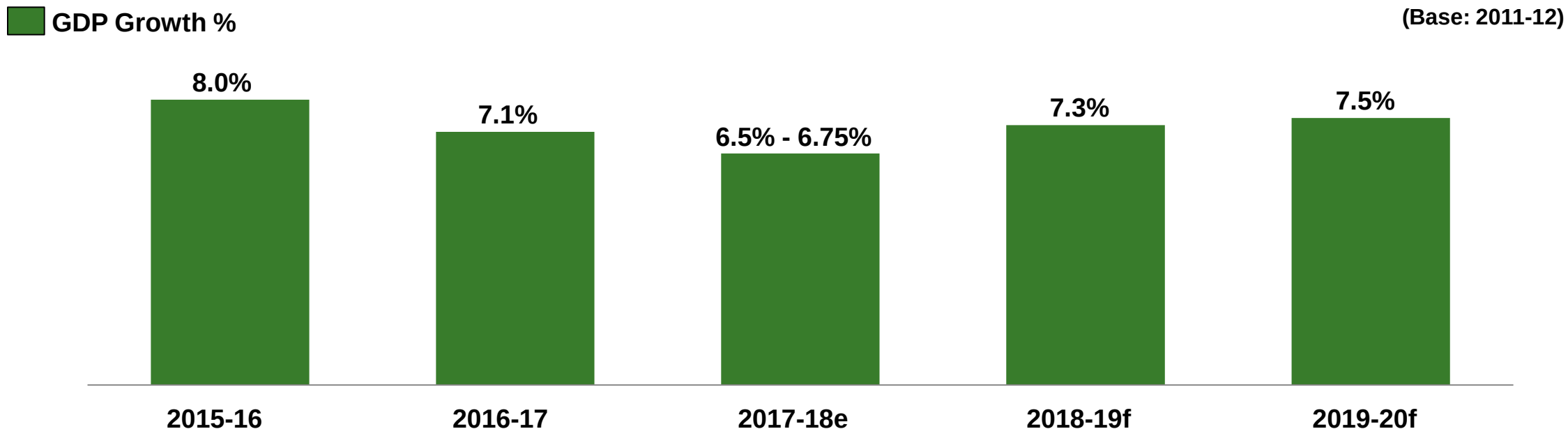
Key take-away messages

Key take-away messages

- Allows to unlock benefits which are not achievable on a standalone basis
- Each company benefits incrementally in comparison to its *status quo*
- Capitalizes existing platform to create value and increase profitability, with no additional investment
- No change in the existing ownership structure and brands
- Both ACC and Ambuja have experience in working together and are well equipped for seamless implementation

Annexure: Fast growing Indian economy and robust demand drivers for cement

Indian economy projected to grow fastest in 2018 & 2019



- Indian economy has strong growth fundamentals and is expected to grow in the range of 7.3%-7.5% over the next two years. Source – World Bank Global Economic Prospects Report
- GST implementation is stabilising, augurs well for the economy
- Signs of revival in investment activity as reflected in improving credit offtake, large resource mobilisation from the primary capital market, and improving capital goods production and imports
- The process of recapitalisation of public sector banks has commenced
- Export growth is expected to improve further on account of improving global demand

Potential drivers for cement demand

Recent budget announcements to support cement demand growth in the near to long term

Infrastructure & Housing



- ▶ Affordable housing fund to be set up under the National Housing Bank.
- ▶ Increased allocation of ₹ 31,500 crore for the Pradhan Mantri Awas Yojana - Urban (PMAY-U)
- ▶ Outlays for the Ministry of Road Transport and Highways and Railways increased 11% and 22%, respectively

Focus on improving Rural income

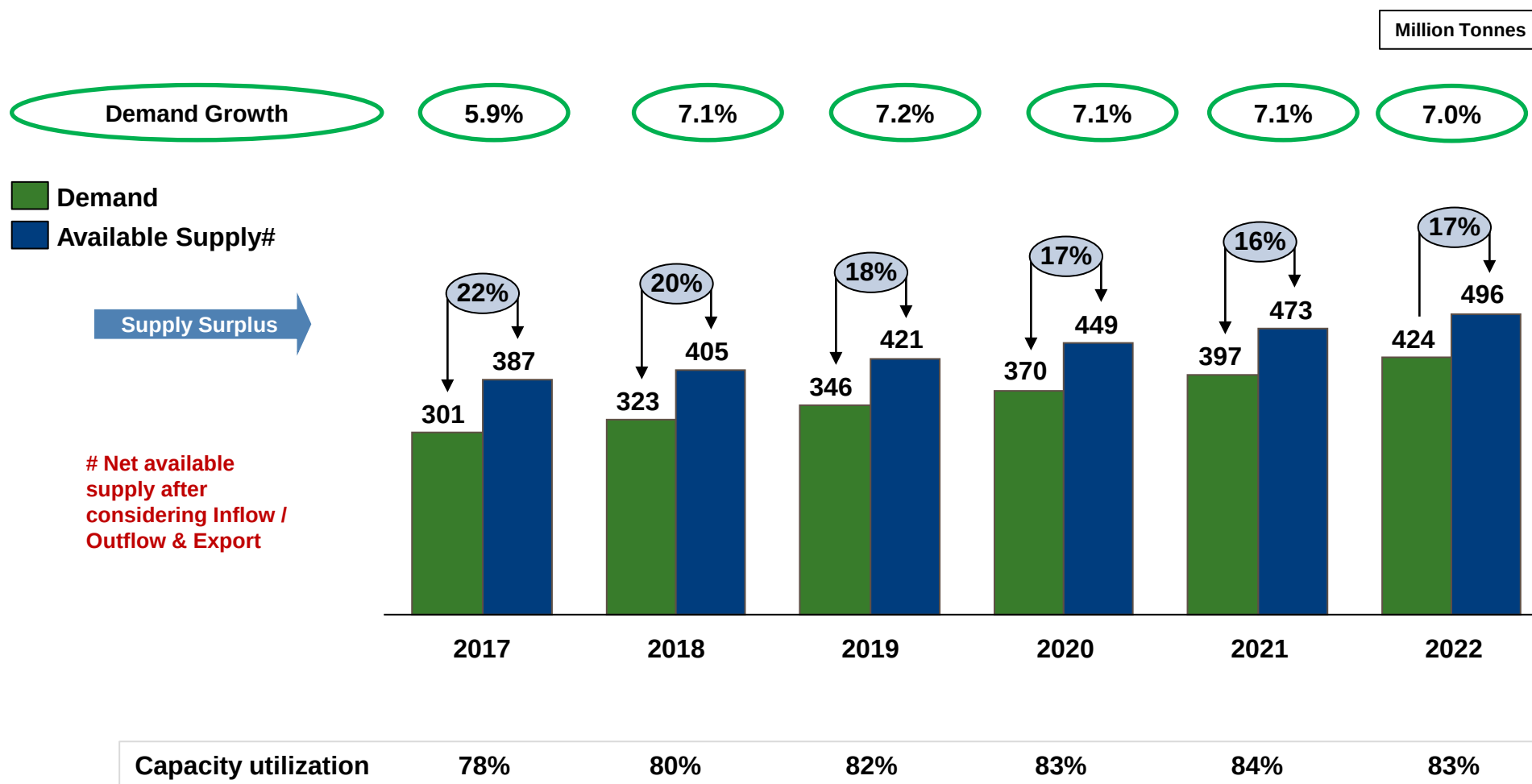


- ▶ Increase in Minimum Support Price (MSP) for kharif crops to be at least 1.5x of production cost
- ▶ Crop Insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY)
- ▶ Increase in allocation for irrigation projects under Pradhan Mantri Krishi Sinchayi Yojna (PMKSY)
- ▶ Increase in allocation for rural road construction (under the Pradhan Mantri Gram Sadak Yojana)

Cement demand to see a positive growth backed by infrastructure development, housing and increased rural spends

Cement Industry – Demand / Supply Scenario

Situation is likely to improve gradually on the back of improved demand & speed of capacity expansion



ACC – AN EXTRAORDINARY JOURNEY

CONNECTING PEOPLE, LIVES.

The Qazigund-Banihal high-altitude twin tunnel in Jammu & Kashmir, sculpts an 8.5 kms. long path through the mighty Himalayas. A marvel of human endeavour and engineering, it stands on the tough and resilient shoulders of ACC Cement. Ensuring all-weather connectivity and shrinking travel by 70 kms. through harsh mountain terrain, this road will be 'a dream come true' for people in the valley.

www.acclimited.com www.acchelp.in
[f/ACCInd](#) [YouTube/ACCcementOfficial](#)

Cementing Relationships

ACC – AN EXTRAORDINARY JOURNEY

LIGHTING UP LIVES. FUTURE.

ACC is a vital, trusted part of numerous landmark projects in thermal and hydro power, energy, dams and canals. Take the Sainj Hydro-Electric Power Project in Himachal Pradesh. Engineering expertise and seamless teamwork led to pumping of concrete made of ACC cement, to a World Record distance. All so that a little girl in a remote village could study and expand her horizons.

www.acclimited.com www.acchelp.in
[f/ACCInd](#) [YouTube/ACCcementOfficial](#)

Cementing Relationships

ACC – An extraordinary journey

ACC – AN EXTRAORDINARY JOURNEY

**SAFE.
FAST.
AND CONVENIENT.**

Literally flying over the congested roads and traffic jams, mass transportation systems like the Metro Rail, are a boon for urban India. ACC is playing a pivotal role in helping build a robust transport infrastructure that is safe and dependable, convenient and saves valuable time of millions of travellers.

[f/ACCInd](#), [YouTube/ACCcementOfficial](#)
[www.accindia.com](#), [www.acc.in](#)

Cementing Relationships **ACC**
cement

ACC – AN EXTRAORDINARY JOURNEY

**MELTING HEARTS IN
FREEZING COLD.**

Sub-zero temperatures, frozen environs, everything white-washed with snow. Amid these hostile circumstances, the first Indian expedition to Antarctica, raised the Indian flag on a pedestal with a special cement - scientifically developed by ACC - that could set under extreme climatic conditions.

[www.acclimited.com](#), [www.acchelp.in](#)
[f/ACCInd](#), [YouTube/ACCcementOfficial](#)

Cementing Relationships **ACC**
cement