

ACC Limited

78th Annual General Meeting

9th April, 2014

Chairman's Statement

Friends,

A warm welcome to all of you again.

I begin by sharing highlights of your Company's performance in the year ended 31st December, 2013.

As you know the economic environment in the country remained sluggish last year. This adversely affected the Company's results.

- Cement volumes declined marginally
- Sales by value fell by 2 percent
- EBITDA also declined by 26 percent
- Consolidated profit after tax was up by 3 percent

But this is not comparable because of a tax write-back of about ₹ 216 crores during the year, while the previous year had also included an additional depreciation charge of about ₹ 335 crores because of a change in the method of calculating depreciation.

Despite this, I am pleased to announce that your Directors have recommended the same total dividend of ₹ 30/- per share, as last year. This includes the interim dividend of ₹ 11 paid by the Company in July 2013.

India's economic scenario last year was disappointing. Growth slowed down to 4.5 percent, the lowest in a decade. Inflation also ran high.

Despite lower sales realizations, our focus on cost reduction under the on-going "Institutionalizing Excellence" programme helped us partially absorb the impact of inflation; the thrust on increasing sales of premium products with other customer excellence initiatives helped us achieve some improvement in these difficult times.

We believe the low growth scenario in the country has largely bottomed out and we expect to see gradual improvement from later this year.

Work on the Company's on-going expansion programme in Eastern India is making good progress and will be completed in a phased manner in 2015.

I am pleased to share with you that the Company's Ready Mixed Concrete business turned around during the year with its profitability improving substantially. This was mainly a result of good cost management and promotion of value added products and solutions.

Sustainable development is an integral part of our business philosophy. We maintained a continued thrust in the areas of safety, alternative fuels & raw materials, renewable energy and community development.

A new Waste Heat Recovery system was commissioned at our plant at Gagal which can generate 7.5 MW of electricity. This is an important step in the Company's sustainable development agenda.

Mr Paul Hugentobler, who has been associated with us for more than eight years as Deputy Chairman, retired from the services of Holcim and has stepped down from the Board of Directors of ACC. Mr S M Palia, another senior Director also retired from the Board on completion of his term, after being associated with us for twelve years. Please join me in thanking these stalwarts for their outstanding contributions.

Please also join the Board of Directors and me in thanking the employees of ACC and its management team for their commitment and hard work.

Dear Shareholders, finally as I conclude, I thank you for your unstinted support. Your encouragement helps us to strengthen ACC and work to make it one of India's most respected companies.

My best wishes to you all, and your families.

N S Sekhsaria
Chairman

Mumbai
9th April, 2014