

Secretarial Division

ACC

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17th May, 2018

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Mumbai 400 051
Fax No. 26598237 / 38 / 26598347

Dear Sirs,

Sub: Investor Presentation

With reference to our letter dated May 15, 2018 enclosing the Notice of the 82nd Annual General Meeting of the Company, inter-alia seeking approval of the Members for Renewal of "Technology and Knowhow Agreement" with Holcim Technology Ltd., a Related Party, we are enclosing the pdf version of the presentation to be made to the Analysts/Institutional Investors of the Company in respect of the said item.

This is for your information and records.

Yours faithfully
For ACC Limited



Ramaswami Kalidas
Company Secretary & Head Compliance
FCS:2440



Investor Presentation

Renewal of Technology Know-How Agreement



Lakheri Plant operating since 1912



RMX Plant

- *The LafargeHolcim Group (“LafargeHolcim”), formed as a result of the merger of Lafarge SA and Holcim Ltd in 2015, is a world leader in the building materials space and has more than 2,300 operating sites in around 80 countries. In CY17 LafargeHolcim reported sales of ~210 Mn tons cement, ~279 Mn tons of aggregates and ~51 Mn cubic meters of RMX. As part of its new Strategy 2022 – “Building for Growth”, LafargeHolcim is now building a fourth business segment - Solutions & Products. The LafargeHolcim Group is the holder of best in class technical solutions & products, building solutions and more than 270 registered patent families. The Group stands apart for the quality and consistency of its products and the breadth of innovative solutions. R&D at LafargeHolcim is focused on developing cost efficient and sustainable building solutions.*
- *ACC entered into an agreement (for the period January 1, 2013 to December 31, 2017) with Holcim Technology Ltd (a part of erstwhile Holcim Ltd.) for the use of valuable Intellectual Property (“IP”), Technology Knowhow and End-to-End solutions against payment of Technology Knowhow (“TKH”) Fees at the rate of 1% Net Sales. This also enabled access to a central learning depository of best practices across various LafargeHolcim companies.*
- *Over the last five years, ACC has benefitted significantly in the areas of Cement manufacturing through initiatives in the areas of Thermal Energy and Alternative Fuel & Raw Materials (“AFR”); Electrical Energy Optimization; Procurement; Commercial Excellence; Innovation; Health & Safety and People initiatives; Knowledge Management and Sustainability and expects to gain further material benefits in the future.*
- ***The Management and Independent Directors have reviewed the benefits using third party experts and believe that the benefits accrued as a result of these initiatives far outweigh the costs. The management intent is to continue to improve operational efficiency & grow the business in new products & solutions. Hence the need to extend the TKH agreement.***
- ***The Audit committee, comprising a majority of Independent Directors and chaired by an Independent Director has recommended to the Board the extension of the TKH agreement based on its review of past and potential future benefits.***

The Board discussed and unanimously approved the renewal of TKH Agreement at the rate of 1% Net Sales or such rate as may be determined by the competent authorities under the Bilateral Advance Pricing Agreement (BAPA) between the Governments of India and Switzerland, whichever is lower, for a period of 3 years starting January 1, 2018.

TKH – Past Benefits & Support (2013 – 2017) (1/2)



Thermal Energy & AFR Optimization

- Dedicated ‘**Geocycle**’ division supports in waste management and use of alternate fuels
- Technical support and expertise in the conceptualization and engineering of **pre- and co-processing** including AFR labs for using municipal and industrial waste
- LafargeHolcim initiatives improved Thermal Energy Consumption incl. Alternative Fuel and Raw Materials (“**AFR**”)
- Raw Mix design enabled with equipments installation in line with **multiple fuel usage** in kiln
- Knowledge transfer to achieve **fuel flexibility** and usage of alternate fuels

Electrical Energy Optimization

- Initiatives undertaken to improve electric energy consumption
 - Ball Mills initiative (**BMi**)
 - Fan Initiatives (**FANi**)
 - Synergy Acceleration Task Forces (**SATF**) for plants
- **Quarry planning** & Raw Mix optimization
 - Led to reduction in electrical energy consumption

Manufacturing Excellence

- Plants with vintage ranging from 50-100 years benefitted from continued access to LafargeHolcim’s knowledge, expertise and experience of managing operating plants with similar vintage across the world
- Clinker Optimisation Initiative (**COi**) - enhanced cement performance, reduced clinker factor and improved share of blended products
- Reduced scope of shutdowns, improved reliability and Mean Time Between Failures (**MTBF**)
- Maintenance initiative (**MANi**)
 - Improved reliability of plants
 - Reduced break downs
- India Manufacturing Transformation (**IMT**)- Conducted manpower benchmarking with best in class plants to achieve lean organizational setup for plants to improve productivity
- Industrial Fixed Cost Initiative (**IFC**) – benchmarking of plant performance vis-à-vis best practices

Procurement

- **Fuel Sourcing** – Utilized LafargeHolcim’s global expertise for negotiation, market insights and benchmarking
- Development and deployment of standardised business applications for procurement information systems
- Category management to leverage high volume purchases across the globe – **volume pooling**
- **Global sourcing** of MRO* items, mining equipment, additives, lubes, IT services through global framework agreements
- Optimal vendor identification by leveraging long-term relationships and presence of global experts in local negotiations
- Inventory Management (**NWC**) Program

Achieved flat cost of production over 2013 to 2017, beating general inflationary environment

It must be recognised that efficiency parameters have a lot of interplay between various factors such as employee competence, life of the plant, nature of the equipment and other tangible and intangible contributors

TKH – Past Benefits & Support (2013 – 2017) (2/2)

Health & Safety, People Initiatives and Knowledge Management

- Significantly higher LafargeHolcim HSE standards, emphasis from the Group and quality of knowledge sharing has led to high level of maturity, behavioral difference and commitment which has led to enhanced standards resulting in better safety performance.
- LafargeHolcim has introduced a pyramidal structure of safety reporting and there are documents for the various elements and their processes. Detailed guidelines are available and training is imparted to each plant employee, permanent as well as contract.
- DSCQP for Structural integrity, MSR – Process Safety, Electrical Safety, Road Safety Map 2020, Audits
- Documented incident prevention procedures at each plant
- Certification courses for maintenance and process engineers
- Access to digital tools like iConsult and Connect LH, a repository of information

Cultural transformation led to improved safety standards and reduced incidents

Sustainability

- LafargeHolcim sustainability development plan 2030 – guiding and directing ACC to achieve its sustainability development goals [*Climate, Circular Economy, Water & Nature, People & Community*]
- Implemented GBC solutions for sustainable development
- Faster and smoother transition to new emission standards; developed low CO₂ products
- Concerted efforts guided by low carbon roadmap helped reduce CO₂ emissions by ~3% from 2012 to 2017
- Conservation of resources of national importance
 - Benefitted from LafargeHolcim’s tools on quarry planning, modeling and scheduling software to maximize limestone resource utilization while sustaining quality and ensuring optimized fleet operations
 - Reduced consumption of corrective materials such as iron ore and bauxite
- Circular Economy initiative - state of art technology for managing and co-processing different types of wastes

Focused sustainability initiatives recognized at various platforms of international repute

Commercial Excellence

- RMX has achieved substantial growth in both volume & EBITDA and making good contribution to company profitability. Commercial and dedicated plants have been significantly expanded
- Sharing of Global Best Practices, participation of international experts in projects as active members
- Growth and innovation at LafargeHolcim supports ACC in
 - commercial processes through price and margin management
 - product offerings management
 - customer experience management
 - sales excellence
 - offering differentiating value offers
 - go to market models
 - enhanced market standing in Buildings & Infrastructure and Affordable Housing

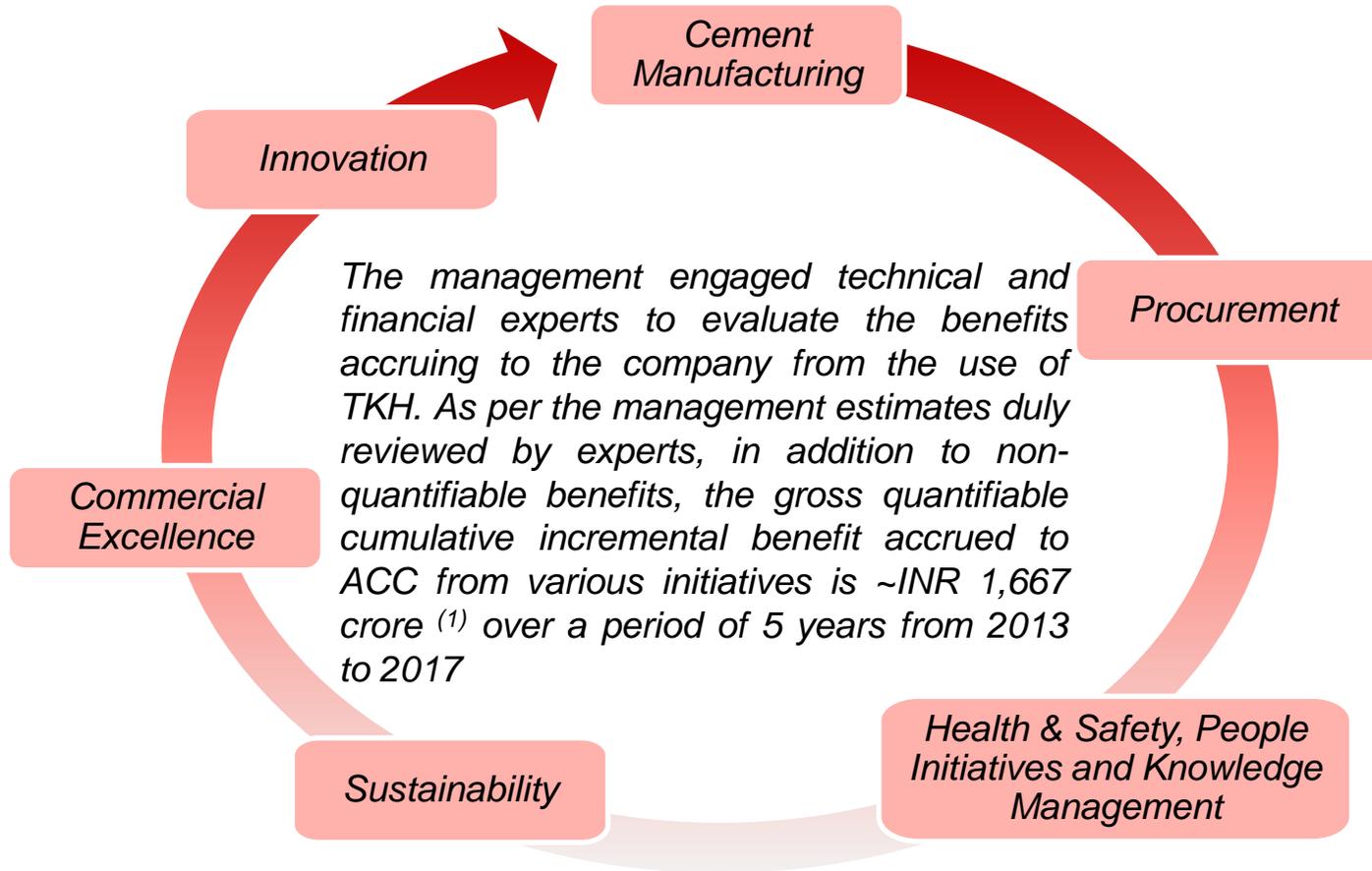
Turnaround of RMX business, well poised to cater to future growth

Innovation

- Continuous support in development of premium and specialized products like Coastal+, Concrete Plus, Gold Products and others
- ~13% sales volume contribution by premium products in 2017
- Developing admixture and special performance enhancers
- Raw mix optimization and improvement in clinker mineralogy
- Latest Innovative Tools for providing solutions to Building & Infra customers

Significant ramp-up of premium product volume to the tune of ~4 MT

Unlocking potential with the help of TKH



Awards & Accolades

- Jamul bagged the 18th National Award for Excellence in Energy Management 2017 conferred by CII
- Bagged CII-ITC Sustainability Awards 2016 for Corporate Excellence in category A Large Companies for Sustainable Development
- India Green Manufacturing Challenge 2014 Gold category to Chanda by International Research Institute for Manufacturing
- Acknowledged as the first company in India to release its externally assured Sustainable Development Report 2016 as per the new GRI standards of October 2016
- Ranked at 8th in the Construction Material category in the global Dow Jones Sustainability Index (DJSI) Ranking 2016
- In 2016, ACC featured in CII's list of ten Sustainable Plus Platinum 2015 companies and rated "India's Most Sustainable"
- Best Sustainable Business Practices award to ACC Geocycle from World CSR Forum

Leveraging on LafargeHolcim's IP, experience, knowledge and strong IT capabilities across functions, ACC is well poised to unlock significant potential benefits in the future

Note: 1. Includes benefits from IP based and internal initiatives

TKH Renewal Rationale

The LafargeHolcim Group is a leading global construction materials and solutions company with generations of experience to create innovative solutions to meet customer specific requirements. The cornerstone of LafargeHolcim's global R&D activities is the LafargeHolcim Research Center in Lyon, France. It is the first and largest research center in the global construction industry. In addition, the Group also operates a network of local construction development laboratories in different countries. On a global level, the Group's portfolio includes more than 1,500 patents that range from cement manufacturing processes and construction solutions, to CO2 footprint solutions and efficient waste management. The LafargeHolcim Group has best in class technical solutions, product profile, and building solutions.

The TKH achievements listed out earlier have helped ACC gain thorough knowledge and have helped put in motion several initiatives. The initiatives have also provided a good head start in managing the complex process of AFR and introducing premium products and further support here will help ACC become an industry leader.

Thus, LafargeHolcim, has provided world class technologies and practices on a continuous basis under the TKH Agreement. These have helped ACC derive substantial benefits, a fact recognized by the Board of Directors.

With the objective of meeting ACC's long term vision, which includes significant growth in RMX and expansion in aggregates, products & solutions business, the Company wishes to renew the right to use LafargeHolcim's Intellectual Property, Technology know-how and End-to-End solutions, based on the substantial benefits it believes will accrue, as laid down in the ensuing slides

TKH Potential Benefits... (1/2)

Cement Manufacturing Excellence

Procurement Excellence

Thermal Energy & AFR Optimization

- State of Art International standard **waste co-processing and pre-processing plants** extensively supported by LafargeHolcim to help leapfrog AFR usage, while maintaining highest safety standards
- LafargeHolcim's extensive experience and expertise in usage of **liquid waste and chloride bypass** to significantly help in enhancement of highly complex AFR usage.
- Huge upside potential for **TSR levels**
 - Leverage experience and expertise of best-in-class LafargeHolcim plants (many operating at negative energy)
 - With LafargeHolcim's support, ACC has set-up state of art co-processing facilities with an investment of ~INR 181 Cr.
 - Huge waste availability in India is ~150 MT per annum (industrial, biomass and municipal solid waste).
- Geocycle platform can help live the vision for 'Clean India' while building competitiveness and sustainability
- LafargeHolcim's global market exposure helps in optimal sourcing of solid fuels

Electrical Energy Optimization

- Further scope of enhancing efficiency of grinding process, utilizing full capacity of the existing ball mills and savings in electrical energy
- New technologies & automation through high level control systems / expert controlled systems
- Benchmarking - Peer review to adopt best practices
- Improvement of Clinker Factor

Manufacturing Excellence

- Plants with vintage ranging from 50-100 years requires continued access to LafargeHolcim's knowledge, expertise & experience of managing operating plants of similar vintage across the world
- Cement Industry Framework (CIF) – standardization of processes for sustainable operation of plants
- Development of specialized products and improvement in Clinker Factor
- Capex – Asset Smart approach: global expertise, China technologies
- Debottlenecking of existing assets
- Ability to leverage on LafargeHolcim's large spend on bespoke R&D
- Achieve cost competitiveness and sustainable operations
- Benchmarking - Peer review to adopt best practices

Procurement

- Fuel Sourcing – global overview (Market/price) and benchmarking
- Global sourcing of MRO (Maintenance, Repair and Overhaul) items and mining equipment through global framework agreements
- Leverage LafargeHolcim's China sourcing network
- Continued access to
 - Optimal vendor identification network
 - Presence of global experts in local negotiations

TKH Potential Benefits... (2/2)

Health & Safety, People Initiatives and Knowledge Management

- Using LafargeHolcim's tool of 'Health and Safety Improvement Plan' (HSIP) as a focus tool to identify and fix high priority areas and to achieve goal of 'Zero Harm'
- Enable sharing of best practices and safety audits
- Road Safety Roadmap 2020
- Set up transport control towers to monitor In-Vehicle Monitoring System (IVMS), thus helping improve road safety performance
- Effective human resources and stringent corporate governance policies provides an impetus to attract and retain talent
- Global workshops / training & development
- Continued access to repository of information from all regions

Sustainability

- Continued access to tools provided for quarry planning, modeling and scheduling to ensure even extraction resulting in extended life of mines
- Further scale up and leverage Green building centers
- Sharing global initiatives and solutions to improve water conservation
- Conservation of natural resources (limestone, coal, water)
- Use LafargeHolcim's expertise to meet emission standards including SOX and NOX norms
- Low Carbon roadmap – process improvement and new technology sharing
- Sustainable construction initiatives & pollution control measures
- LafargeHolcim Sustainable Development roadmap 2020/2030
- Exploring possibility of products like Durabrick which address environmental challenges

Commercial Excellence

- Continued LafargeHolcim support to scale up RMX business and introduce specialized product offerings (like Thermomedia/ Hydromedia, Agilia, Chronolia)
- Increasing share of premium products which is set to grow faster than industry average
- Exploring opportunities in specialized product (like Solidia, Oil cement, RoadCem, Monolit, Sulfo5)
- Price and Margin management tools
- Expertise in Building and Infrastructure technologies, global practices like VMI
- Digital platform for dealers and end users
- New business beyond cement – Products and Solutions
 - M-sand & mortar
 - Water proofing products
 - Decorative & landscaping Aggregates

Innovation

- Access to more than 270 patent families of LafargeHolcim
- Access to technical expertise for future brownfield expansions
- Access to knowledge base of global R&D center at Lyon
- Access to innovations from other countries in cement and building materials
- Admixture for cement & concrete
- Scale up waste co-processing in kilns while maintaining the same quality standards
- Leveraging technology/ low cost solutions to optimally use certain raw materials such as wet fly ash
- Exploring below water table mining to improve resources and reserves and life of mines
- Exploring introduction of innovative environment friendly packaging solutions

In the decades to come, the building & construction industry (being the backbone of the burgeoning Indian economy) is expected to go through massive evolution in terms of the rising need for sustainable & specialized customer centric innovative solutions. We believe that LafargeHolcim's strong R&D focus, sustainable and customer centric solutions will help ACC to achieve its future growth plans in cement and innovative Products & Solution businesses

The merger of Lafarge & Holcim led to an increase in group R&D capabilities, number of IPs, network plants and products & solutions available to the Company. The management of ACC has requested LafargeHolcim to renew the TKH agreement considering the following

- ✓ *Gross quantifiable cumulative **benefits accrued of ~INR 1,667 crore** from 2013 to 2017*
- ✓ ***Continuation** of the on-going initiatives under implementation **and further support required from LafargeHolcim***
- ✓ *With an aim to build the business in innovative products and solutions segments catering to specialised customer needs.*

*The proposal is to renew the TKH agreement with **no increase in the fee** and on the following terms*

- ✓ ***3 year** validity from January 1, 2018 – December 31, 2020*
- ✓ *Fee being the **lower of***
 - *1% of the net sales for each financial year*
 - *Such rate as may be determined by the competent authorities under the Bilateral Advance Pricing Agreement between the Governments of India and Switzerland*

The Audit Committee, the Independent Directors and the Board are of the opinion that renewal of the TKH Agreement is in the best interest of the Company and its stakeholders

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