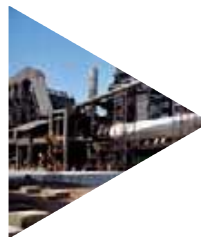


PRISM CEMENT LIMITED

ANNUAL REPORT 2013-14

READY STEADY GO



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but 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) litigations; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Prism Cement Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

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An exclusive offer for the shareholders of Prism Cement Limited. Please visit www.johnsontiles.in/shareholders for further details or scan the QR code

READY STEADY GO

We, at Prism Cement, are constantly driven by dynamism. To concurrently keep dreaming, strategizing, implementing and improving is intrinsic to our being. A diversified suite of building materials' business, a nationwide presence, an ever-growing bouquet of products and services are all a result of our dynamism.

The key to our dynamism rests in a belief that we have to be doing our best everyday, everywhere; irrespective of however favourable or unfavourable the business environment may turnout to be. Our efforts, but of course, have intensified and precision of our strategies has gotten sharpened amidst the prevailing economic slowdown.

With the aim of de-bottlenecking our manufacturing facilities and enhance utilization, we have put in many strong efforts. These include rebuilding the blending Silo at Satna, introducing the usage of pet coke for our cement operations, and installing Coal Gassifiers at AP Plants for tiles. With these efforts already in shape now we are ready with the right capacities to go and capture the market as the opportunity arises.



▶ THIS IS PRISM CEMENT

The Company today is one of the leading integrated building materials' company in India. Incorporated in the year 1992, it started cement production at Satna MP in 1997. In the year 2010, erstwhile H. & R. Johnson (India) Limited and erstwhile RMC Readymix (India) Private Limited were merged with Prism Cement Limited leading to formation of a unique and integrated business model with a wide range of product offering from cement and ready-mixed concrete to tiles, bath products and kitchens.

DISTRIBUTOR NETWORK

Cement Dealers
▶ **3,700**

TBK Dealers
▶ **1,000**

Retail Dealers
▶ **10,000**

MARKET
CAPITALIZATION
(AS ON 31ST
MARCH 2014, BSE)

₹1,920
Crore

▶ BUSINESS DIVISION

- ▶ Cement
- ▶ TBK (Tile Bath Kitchen)
- ▶ Ready-Mixed Concrete

▶ STRATEGIC INVESTMENT

Raheja QBE General Insurance

It is a Joint Venture (JV) with QBE Group of Australia where the Company holds 74% stake. It is focused on specialty products like Liability Insurance, Marine Liability and Trade Credit. The Company till date had made an equity investment of ₹ 153 Crore in the JV.

▶ COMPETITIVE STANDING & DIFFERENTIATORS

- ▶ Integrated business model with presence across the value chain; from manufacturing of basic materials such as coal or limestone to high technology and design oriented tiles and bath fittings.
- ▶ Strong brand across all the business segments such as Johnson for tiles & bath fittings and Champion for cement.
- ▶ Huge distribution network with 3,700 dealers in cement; over 10,000 retail points in tiles; and 90 RMC Plants.
- ▶ Asset light business model with five manufacturing Joint Ventures.

Gross Sales (Consolidated)
▶ ₹ 5,458 Crore

Gross Block (Consolidated)
▶ ₹ 3,903 Crore

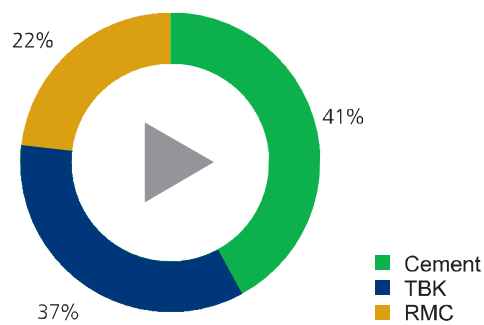
Net Worth (Consolidated)
▶ ₹ 1,059 Crore

House Of Johnson Outlets
▶ 25

RMC Plants
▶ 90



DIVISION-WISE CONTRIBUTION TO SALES (FY 14)



All consolidated numbers excluding RQBE

▶ **READY WITH RIGHT CAPABILITIES**



With the objective to tap the growing cement demand in central India, we had significantly enhanced our cement name-plate capacity from 2.0 MTPA to 5.6 MTPA at Satna in 2010.

However, with the reconstruction of the blending silo in this year, the facility is now being utilized at optimum level.

Further to add to its sustainability, we have commenced coal production from our Chhindwara block. Also, as an initiative for regional diversification, we have planned a cement unit in Andhra Pradesh and project activities for the same would be taken in due course.

We have been a pioneer in ceramic tiles in India and hold huge brand equity. We offer the widest range of products from tiles to sanitaryware and bath fittings to modular kitchens under our strong brand Johnson. With one of the widest distribution network, we have Pan India presence. The acute shortage of power and non-availability of natural gas in AP was a big constraint for the growth of this segment during the year 2013-14. However, with the installation of Coal Gassifiers and permission to buy traded power at our Joint Venture and subsidiary plants at AP, we are now ready to significantly enhance utilization of our best-in-class production facilities.

In the ready-mixed concrete segment, we are amongst the top 3 players with Pan India presence. With presence across 37 cities and available capacities, we are ready to serve the robust growing demand for ready mix concrete. We have now added a list of special concretes which will help us further in serving our customers.

► With the reconstruction of the blending silo in this year, the cement facility is now being utilized at optimum level.

► We have commenced coal production from our Chhindwara coal block.

► Installed Coal Gassifiers at tiles manufacturing unit in AP.



STEADY ON STRATEGIC DIRECTION

We are present across the value chain from manufacturing of bulk products like cement and ready-mixed concrete to high design and technology oriented products such as tiles, sanitaryware, bath fittings and modular kitchens. Further, to take the business to the last mile we have started dedicated outlets for Johnson range of products known as "House of Johnson".





Our key strategy is to continuously de-risk our business model. With this objective over the years, we have built a very unique and integrated business model. Along with being diversified, we are present across the value chain from manufacturing of bulk products like cement and ready-mixed concrete to high design and technology oriented products such as tiles, sanitaryware, bath fittings and modular kitchens. Further, to take the business to the last mile we have started dedicated outlets for Johnson range of products known as “House of Johnson”.

With focus on growth and sustainability, we have constantly identified our strong points and articulated steady strategies to leverage on it. To introduce lifestyle products such as bath fittings, sanitaryware and modular kitchen, we have successfully leveraged our esteemed brand Johnson. Also, for increasing our reach of TBK segment in central India, we have articulated steady strategies to leverage the extensive dealers' network that the cement business has. To increase value added products in the cement segment and tap the premium cement market, during the year we have launched a new brand HI-TECH in Bihar region and is fast catching pace.

To make our ready-mixed concrete business more cost efficient and enhance its sustainability, we have articulated strategies to set up RMC plants closer to construction location. Also, we have done a fair degree of backward integration through quarries for aggregates and manufactured sand.

We have started dedicated outlets for Johnson range of products known as “House of Johnson”.

During the year we have launched a new brand HI-TECH in Bihar region and is fast catching pace.

▶ ALERT IN TAKE-OFF MODE

The overall market situation for building materials industry is expected to improve significantly over the coming years. The government has put on fast track many infrastructure projects and has already cleared stalled projects worth ₹ 5 Lakh Crore during the year 2013-14. This would lead to the revival of infrastructure construction industry. The ongoing sluggish growth in economy is expected to revive with increased investment in the infrastructure space. This would also lead to better demand for real estate sector.

Apart from this, the government has also intensified its efforts to supply affordable housing with many housing schemes which would also push demand for building materials. With the fall in WPI and further moving down towards the RBI's comfort zone, there may be interest rate cuts which would lead to revival in investment cycle and reduction in interest cost.



- ▶ **The government has put on fast track many infrastructure projects and has already cleared stalled projects worth ₹ 5 Lakh Crore during the year 2013-14.**
- ▶ **The government has also intensified its efforts to supply affordable housing with many housing schemes which would also push demand for building materials.**