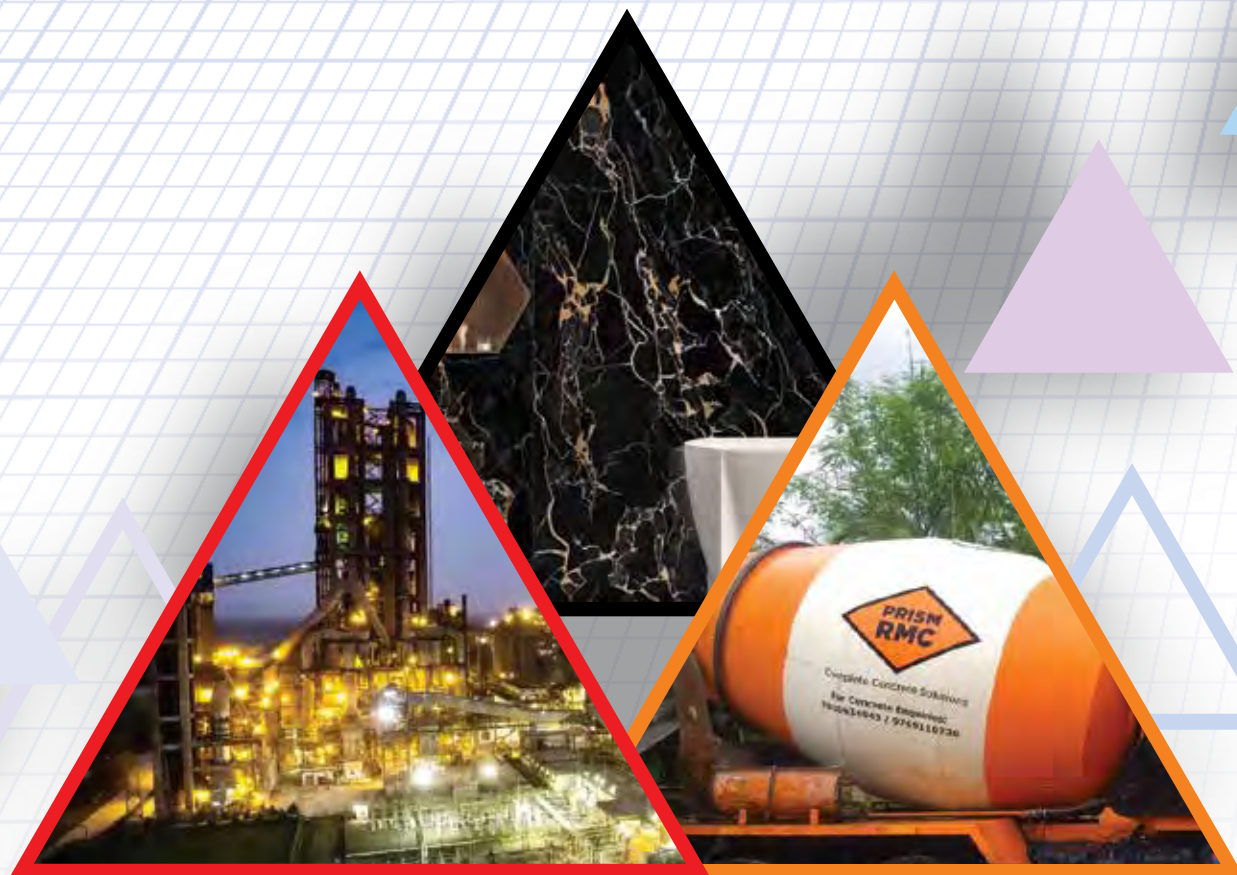


PRISM JOHNSON LIMITED

(FORMERLY PRISM CEMENT LIMITED)

TOWARDS A BETTER TOMORROW



Annual Report

2017-18

PRISM
CEMENT
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 **JOHNSON**
Not just tiles, Lifestyles.


Complete Concrete Solutions

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Cautionary Statement Regarding Forward-Looking Statement

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 economics and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro economic and political trends; (4) fluctuations in currency exchange rates and general 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 developments and results to differ materially from the statements made in this presentation. Prism Johnson Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.



STEADILY AHEAD



With the world economy changing continuously, the macro business environment across economies is bound to fluctuate. This is applicable to both developed and developing economies. The Indian economy has been moving towards a more open market due to which it has increasingly come under the influence of global factors along with the domestic factors. Backed by a robust business experience spanning decades, we, at Prism Johnson have become nimble footed with time. We have moulded our corporate culture so that being agile is one of our core fundamental strengths. Change is the only constant in any business, hence, it does not pay to be too concerned about systematic risk. As has been seen throughout history, tough situations do not last forever, but tough people do. We, at Prism Johnson have kept steadily on track by taking timely tactical decisions and well formulated long term growth strategies.

Over the course of the last few years, we have negotiated hurdles in the form of a difficult external business environment as well as many internal limitations. However, our resolve to move

ahead has remained steady. We have worked to significantly enhance our operating efficiency and have also invested in overcoming our business limitations. On the other hand, we have taken timely and strategic decisions to ride the tide of ups and downs presented by the macro business environment.

Looking forward to the future, the business environment is on a steady path of recovery with the potential of gaining momentum. At Prism Johnson, we are much better placed with our unique business model in building material industry, which offers a wide variety of products across various domains like infrastructure, construction, and real estate to make the most of a better business environment. As we step into the future, our aim will always be to move steadily ahead.







WITH CONCRETE STEPS



Over the past financial year, we have taken concrete steps to improve efficiency as well as reduce costs, as has been our effort over the past. These efforts helped the Company to sustain the performance of the Cement Division despite several challenges during the year. In addition to operating efficiency improvement measures, the Cement Division continued to scale up its marketing activities like strengthening its distribution network and merchandising. The Division's premium product strategy has started paying off. These products have steadily climbed the ladder and now form 15% of overall volumes. As in past, the Division's focus remains on optimizing the cost.

The H & R Johnson (India) Division has continued to strengthen its robust distribution network. It has a strong brand equity, widespread manufacturing locations and a comprehensive portfolio of products including tiles and bath. There has been a steady focus on increasing the utilization levels and managing working capital more efficiently. The Division has also taken several demand generation initiatives over the past few quarters - key amongst them are influencer engagement and opening of five large format display centers in Guwahati, Chennai, Kolkata, Coimbatore and Kochi. The Division also plans to improve the product display of value-added products.

The key highlight of the year under consideration was the positive growth in volumes in the Tiles business in comparison to volume decline in the previous year. The operating performance had witnessed marked improvement during the year both at standalone and consolidated level. Our

commitment to scaling greater heights was duly reflected in the selection of Johnson Endura, our industrial tiling product line, as a consumer validated Superbrand.

RMC (India) Division reported good volume and revenue growth during the second half of the year. The mega vertical which caters to various infrastructure segments, recorded higher volumes and ended the year on a record order book position. The overall growth was further assisted by shift from unorganized players to organized players in the market. However the annual performance of the Division was impacted by GST and RERA implementation in the first half, reduced availability of aggregates and increased commodity prices. The focus is on increasing utilization levels going forward.

GST is expected to result in a significant benefit for the organized sector in India, which would extend to your Company. We are making efforts to increase our presence steadily in unrepresented markets as well.

Prism Johnson remains focused on creating long term investor value through efficient and successful implementation of its long term growth plans.

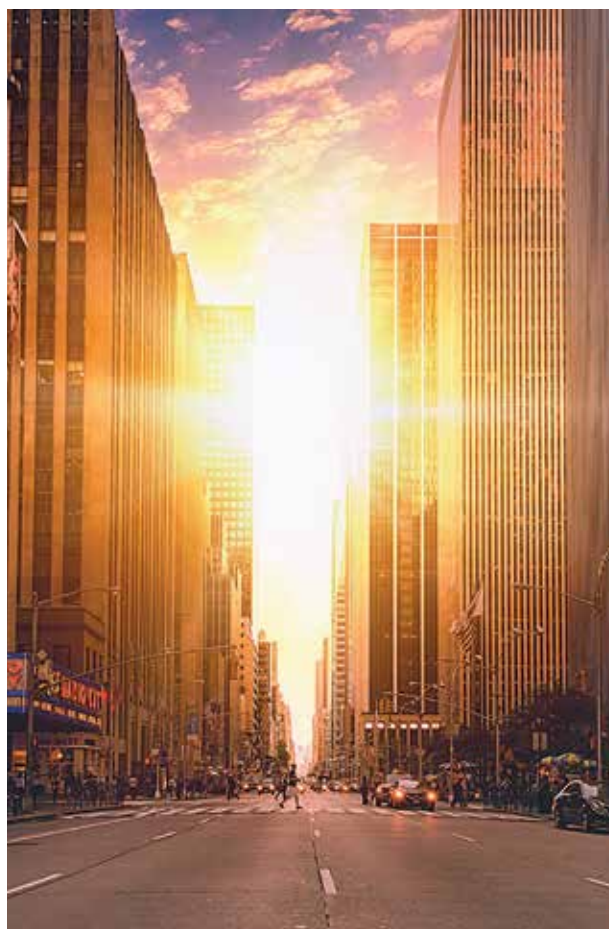


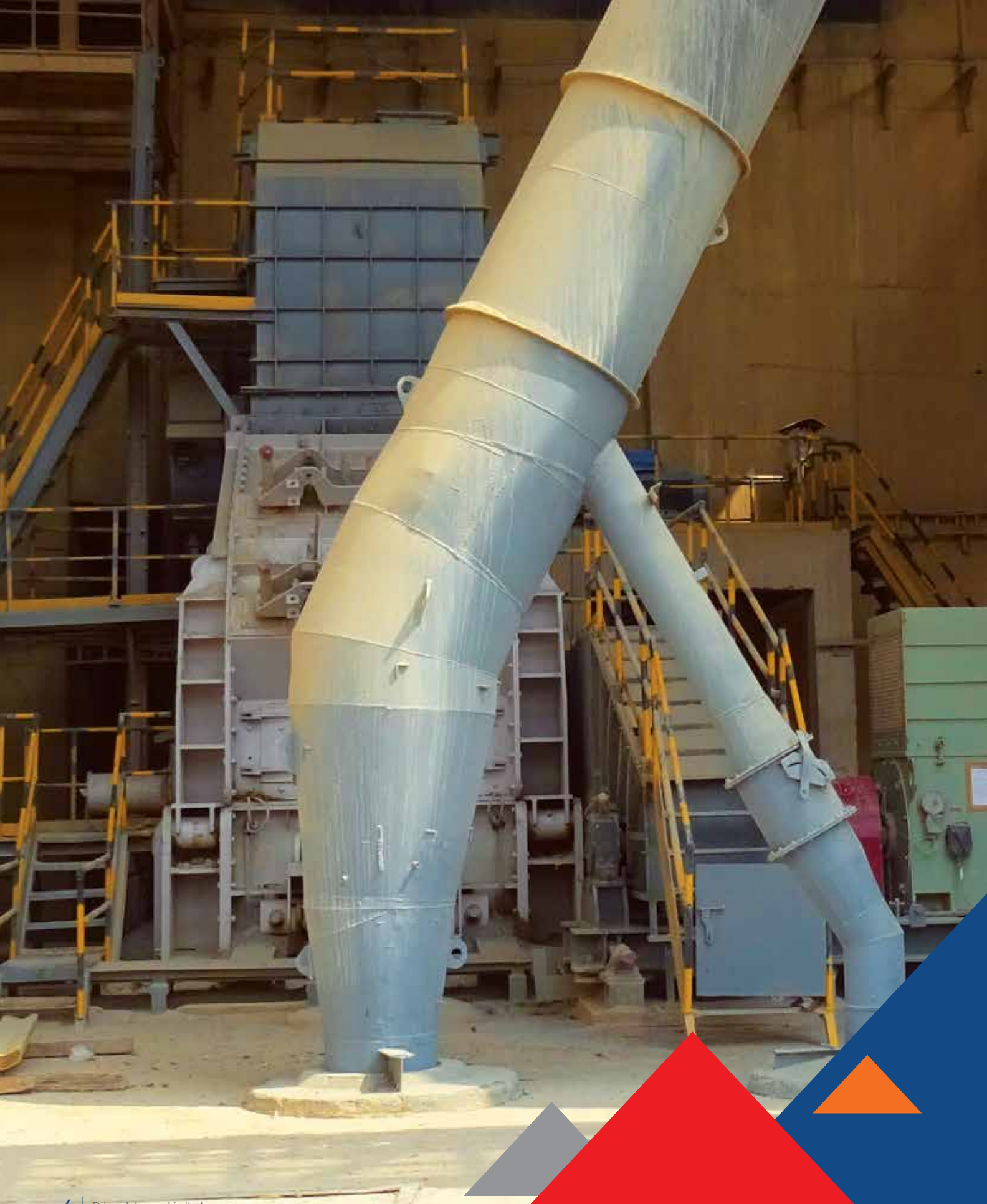


TOWARDS A BETTER TOMORROW

The year gone by saw some unprecedented challenges. Game changing structural reforms such as introduction of GST and implementation of RERA were seen during the year. This apart, there were few region specific challenges. There was near complete sand mining ban in Uttar Pradesh and Bihar for good part of first half of the year. These States together accounts for about 70% of the total volume of the Cement Division. Apart from this, there was partial sand mining ban in Madhya Pradesh as well. There were overloading restrictions in Uttar Pradesh.

There was also a slowdown in the completion of pending real estate projects led by rising inventories especially on the residential side of the Real Estate Sector. At the same time, new launches were also delayed due to introduction of RERA. Since a number of developers put their operations on hold to complete the registration process in RERA, the volumes of Tiles and Ready Mixed Concrete were impacted. Prices of several commodities such as pet-coke, coal, diesel, aggregates amongst others were not only volatile but have been inching up during the year.







Several of the above reforms and challenges posed short term business disruptions. The long term benefits are significant for a sustainable growth. For example:

- Clear shift in market dynamics – Several industries including Building Materials would see gradually business moving from unorganized players to organized players. Both the Tiles and Ready Mixed Concrete businesses have reasonable unorganized presence.
- Better volume growth for branded tiles players with the reduction in GST rates to 18% and full implementation of E-Way billing.
- Regularizing of sand mining activity leading to better availability and lower volatility in prices.
- Few pockets of real estate sector showing revival signs such as mid-price segment and commercial real estate.

The business environment seems to have stabilized and the prospects of growth seems even better now. This has also been reflected by the recovery in operating performance of all the three Divisions.

The Central Government's continued focus on infrastructure and rural development would also lead to several growth opportunities going ahead:

- Focus on Infrastructure continues – road construction has seen good ordering, ongoing and higher capex in railways including dedicated freight corridors, metros, ports, airports and power transmission.
- Focus on Housing for all Program. Ramp up in Pradhan Mantri Awas Yojna - Gramin (PMAY-G).
- Impetus on increasing agricultural productivity and better pricing for same.
- Continued thrust on core schemes such as Smart Cities, Swachh Bharat Abhiyan amongst others.
- States re-aligning with Central Government thrust on development. Increasing spend on infra and housing in State Budgets. Focus on execution & delivery.

With improving business environment we are committed to carry forward the good performance recorded during the latter half of FY18.

We have undertaken a rebranding process involving a change in our name from Prism Cement Limited to Prism Johnson limited. The new name signifies the Company as one of India's largest building materials company. The brand alignment embraces the essence of all three divisions under one name, unifying all our offerings under Prism Johnson Limited.





LETTER FROM THE MANAGING DIRECTOR:

Dear Shareholders,

It has been an honour and a pleasure to have completed yet another year leading the team of your Company, now renamed Prism Johnson Limited, formerly Prism Cement Limited. With the change in name to Prism Johnson Limited, there is a renewed optimism and vigour in the Company. The new name signifies the Company as one of India's largest building materials company. The brand alignment embraces the essence of all the three divisions under one name, unifying the offerings under Prism Johnson Limited. This move reflects our commitment to carry forward and enhance our capability as well as reinsuring the dedication for creating value by delivering quality products for our customers across domains.

Worldwide, the economy continued to strengthen during 2017. The International Monetary Fund (IMF) had predicted that economic activity worldwide would start picking up in 2017 and 2018 after a lacklustre performance in 2016. However, this has been subject to widespread dispersion, given the uncertain political and economic policy scenarios in some of the world's biggest economies. Despite this, the global growth rate was at 3.8% in 2017. Growing demand and increasingly buoyant financial markets have fuelled this growth. Accordingly there is optimism that global Growth in foreseeable future would be better than earlier years. India continues to be a bright spot on the world map.

Over the last couple of years the Indian Economy had to face several challenges both internal and external. FY17 saw heavy rainfall and floods in several parts of the country. This was followed by demonitization. The year in review saw rollout of GST and implementation of RERA. In the long run both these initiatives would be positive for the economy. There was sand mining ban in several parts of the country. As a result the real estate sector in few States remained under pressure. Despite these challenges the Indian economy has been resilient, no doubt the growth rate slowed down a bit. However there is a strong belief that these measures would not only

bring back growth but a sustainable one. It is reflected by way of better GDP growth in recent quarters as compared to earlier quarters. The era of sub 7% GDP growth is past and the momentum is likely to accelerate due to several initiatives undertaken by both the Central and State Governments, specific emphasis in affordable housing and infrastructure sector especially order tendering in roads and power transmission segment as well as prediction of normal monsoon for the second consecutive year amongst others. As per the latest IMF release, Indian GDP growth is expected to be 7.4% and 7.8% for FY19 and FY20 respectively. The key risks to above growth assumptions are volatile and increasing commodity prices, bottoming out of interest rates atleast for time being, global trade wars and geo-political situation amongst others.

Now I would like to take you through some key highlights of our performance for the year under review. The overall performance in FY18 turned out to be quite satisfactory given the challenges highlighted earlier. The performance of your Company over the past year can be split into two parts: We ended the year on a positive note, though there were several challenges in the first half. Noteworthy highpoints, amongst many were the record Cement & Clinker sales volumes clocked by Cement Division, turnaround in HRJ Division and record order book seen by Mega Vertical of the RMC Division.

The Cement Division reported overall Cement & Clinker volumes of 5.64mt, growth of 4% over FY17 and surpassing previous record volumes posted in FY15. The volume growth has to be seen in the wake that the Division had to deal with region specific issues such as overloading ban in UP and sand mining ban in UP and Bihar during the first half of FY18. Good volumes and realizations buoyed the Cement Division through an unprecedented rise in commodity prices such as that of pet-coke, coal as well as diesel. The efforts put by the team over the last couple of years helped the Company to achieve

