



Investor Update

October 18, 2011

Prism Cement Limited today announced Un-audited standalone financial results for the Quarter ended September 30, 2011

Financial Overview (Un-audited for the Quarter ending September 30, 2011)

(Figures in ₹ Crores unless mentioned otherwise)

| Particulars | Q2 '11-12 | Q2 '10-11 |
|---|------------------|------------------|
| Sales | 1,079 | 795 |
| Profit / (Loss) before finance cost, tax, depreciation, and exceptional items | (34) | 48 |
| Profit / (Loss) before tax | (115) | 4 |
| Net Profit / (Loss) after tax | (79) | 5 |
| EPS* (₹) | (1.61) | 0.09 |

* EPS has been computed on capital base excluding the shares issued to the Prism Trust.

Segmental Results

(Figures in ₹ Crores)

| Particulars | Q2 '11-12 | | | Q2 '10-11 | | |
|--------------------|------------------|-----|-----|------------------|-----|-----|
| | Cement | TBK | RMC | Cement | TBK | RMC |
| Segment Revenue | 354 | 403 | 264 | 220 | 337 | 198 |
| Segment Results | (81) | 8 | 2 | (5) | 18 | 4 |
| Capital Employed | 1,411 | 580 | 225 | 1,329 | 493 | 203 |

Performance Review and key developments

During the quarter ended September 30, 2011, the Company produced 9.98 lac tons of clinker and 11.85 lac tons of cement. During the period, the Company dispatched 1.34 lac tons of clinker and 11.79 lac tons of cement, aggregating to 13.14 lac tons. In the corresponding period last year, the Company had dispatched 0.78 lac tons of clinker and 6.78 lac tons of cement, aggregating to 7.56 lac tons.

Lower realization, escalating input costs and increase in freight costs have significantly impacted the margins of Cement Division.

H & R Johnson (India) (HRJ) Division operates in the TBK (Tile Bath Kitchen) Segment. The Division's sales revenue during the quarter were ₹ 403 Crores, thereby achieving a growth rate of 20% when compared to corresponding period last year. Increase in raw material cost of key inputs (like zircon and feldspar) and freight cost have resulted in reduced profitability for the Division during the quarter. Some price increases have been done recently to partially offset the increase in costs. Other factor which affected the profitability of the Division during the quarter was a forex loss of ₹ 2.7 crores on account of foreign currency borrowings and imports.

There were a number of initiatives taken by HRJ Division during the quarter which when fully implemented in FY 2012 would increase the Division's growth rate and improve its profitability. There were various product categories, especially mid-segment floor tiles, where the Division was facing shortages due to high demand. Long-term sourcing agreements have been executed during the period for these categories to cater to high demand. Moreover, new product categories were launched to enhance HRJ's offerings at premium price points. Marbonite GVT (Glazed Vitrified Tiles) tiles were launched during the quarter. These tiles are the latest offering which combine the strength of vitrified tiles with the flexibility and aesthetics of glazed products. The response from the market has been encouraging. Engineered Marble and Quartz were also launched during the period under the brand 'Johnson Cristal'. HRJ shall also be launching the Imported Series of Johnson and Marbonite tiles shortly.

The Company's subsidiary, Silica Ceramica Pvt. Limited (SCPL), has entered into a gas swapping arrangement for procuring a limited quantity of RLNG on a trial basis till December 31, 2011 which will be reviewed thereafter. This opens up an opportunity for significant cost reduction in future. Also, the Company has signed a Gas Transportation Agreement (GTA) with GAIL wherein GAIL would be setting-up a pipe-line to transport gas from Dabhol to the Company's plant in Kunigal. The pipe-line is expected to be set-up by FY 2013.

Lifestyle Investments Pvt. Limited, Company's overseas wholly-owned subsidiary, received a dividend income of £ 414,497 from its investment in Norcross plc.

During the Quarter under review, the sales turnover of RMC Readymix (India) increased by 33% as compared to the corresponding quarter in last year. This was mainly helped by increase in average selling prices, improvement in productivity and increase in number of plants. The profitability of the Division has been impacted on account of higher raw material costs during the quarter as compared to the corresponding period last year.

Expansions

The Company is awaiting clearance for land alienation from the State Government for its cement plant at Kurnool District, Andhra Pradesh, after which further project activity will commence.

The Company has signed an Agreement for Mining, Development and Operation of its Sial Ghogri Coal Block near Chhindwara, Madhya Pradesh with M/s. India Resources Limited, Australia and its wholly owned Indian subsidiary IRL Coal India Private Limited. India Resources Limited is an Australia-based company presently engaged in underground mining in India. The mined coal will be used for captive consumption of the cement plant located at Satna, Madhya Pradesh.

The Company plans to set-up a tile manufacturing facility in East India. It would be the first tile manufacturing plant in the Eastern Region. The Company has received the handover plan and physical possession of the land. The Plant is likely to be operational by FY 2013 / FY 2014.

The Company is enhancing its capacity of Floor tiles at Dewas, Madhya Pradesh. The capacity is being increased by 2 million m² per annum which would take the Plant's total capacity to 3.4 million m² per annum. The Project is likely to be completed by FY 2012 / FY 2013.

Milano Bathroom Fittings, Wholly-owned subsidiary of the Company, is in the process of setting-up a plant in Jammu to manufacture bath fittings with a capacity of 3 lac pieces per annum which is likely to be operational by FY 2012 / FY 2013.

The Company's subsidiary, Silica Ceramica Pvt. Limited (SCPL), is in the process of increasing the capacity of vitrified / glazed tiles by 10,000 m² per day. This expansion is likely to be completed in FY 2012 and would increase the Plant's capacity to 27,500 m² of vitrified / glazed

tiles per day. To part finance the expansion, the Company subscribed to additional equity shares and presently its shareholding in SCPL is 95.91%.

Antique Minerals Pvt. Limited, wholly-owned subsidiary of Antique Marbonite Pvt. Limited, the Company's JV in Gujarat for vitrified tiles, is in the process of setting-up a manufacturing plant for engineered marble and quartz. The project is likely to be completed by FY 2012.

RMC Readymix (India) added 3 concrete plants during the quarter taking the total number of plants to 83. The Division plans to set-up an additional 7 new plants during FY 2012 to maintain its healthy growth rate.

Industry Scenario / Future Outlook

Cement demand growth slowed down during the quarter under review. The slowdown was primarily attributable to a slow pace of construction in the housing sector and infrastructure projects, thereby affecting realizations. The markets are expected to improve gradually and stabilize during the balance period of the financial year.

Bulk of H & R Johnson (India)'s products are targeted towards affordable housing segment which is growing at a healthy rate and is likely to continue in future as well due to India's economic growth and changing demographics. The robust distribution network, strong brand equity, wide-spread manufacturing locations, and a comprehensive product portfolio of tiles, baths, and kitchens enable us to enjoy a distinct competitive advantage over others in the market.

The Ready-mixed Concrete Industry in India is over 17 years old and has been growing at a healthy rate over the last few years. With the Mega Projects Vertical, RMC Ready-mix (India) is focusing on infrastructure segment as well and the said Vertical has seen a quantum leap in its business. The markets in 2-tier & 3-tier cities have also been showing maturity which will help the industry's growth.

About Prism Cement Limited

Prism Cement Limited is one of India's leading Building Materials Company, with a wide range of products from cement, ready-mixed concrete, tiles, bath products to kitchens. The company has three Divisions, viz. Prism Cement, H & R Johnson (India), and RMC Readymix (India). Prism Cement Limited also has a 74% stake in Raheja QBE General Insurance Company Limited, a JV with QBE Group of Australia.

The equity shares of the company are listed on the Bombay and National Stock Exchanges.

Prism Cement

Prism Cement commenced production at its Unit I in August, 1997 and Unit II in December, 2010. It manufactures Portland Pozzolana Cement (PPC) with the brand name 'Champion' and Ordinary Portland Cement (OPC). It has the highest quality standards due to efficient plant operations with automated controls. It caters mainly to markets of UP, MP and Bihar, with an average lead distance of 417 kms from its plant at Satna, MP. It has a wide marketing network with about 2,650 dealers.

H & R Johnson (India)

Established in 1958, H & R Johnson (India) is the market leader in the field of ceramic tiles in India. HRJ has consistently maintained its leadership position in the field of tiles over the past five decades. Today, HRJ enjoys the reputation of being the only company in India to offer end-to-end solutions of Tiles, Sanitaryware, Bath Fittings and Kitchens.

Under its flagship brand, Johnson, HRJ offers glazed wall and floor tiles, bath products, kitchens, laminate / engineered wooden flooring, and engineered marble and quartz. Marbonite

brand offers a complete range of vitrified tiles (polished and glazed), and Endura offers industrial tiles and tiles for special applications like bathrooms / high traffic areas / swimming pools etc.

RMC Readymix (India)

RMC Readymix (India) is one of India's leading ready-mixed concrete manufacturers. Set-up in 1996, RMC currently operates 83 ready-mixed concrete plants in 33 cities/towns across the Country. RMC has also ventured into the Aggregates business and operates large Quarries and Crushers. At present, RMC has 8 Quarries across the country. RMC has been at the forefront in setting high standards for plant and machinery, production and quality systems and product services in the ready-mixed concrete industry.

Investor Relations

Prism Cement Limited is committed to creating long-term sustainable shareholder value through successful implementation of its growth plans. The company's investor relations mission is to maintain an ongoing awareness of its performance among shareholders and financial community.

For additional information, please contact:

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Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.