



August 14, 2009

Prism Cement Limited, H. & R. Johnson (India) Limited and RMC Readymix (India) Private Limited Boards approve Amalgamation

The Board of Prism Cement Limited ('Prism'), H. & R. Johnson (India) Limited ('HRJ'), and RMC Readymix (India) Private Limited ('RMC') have today unanimously approved the amalgamation of HRJ and RMC with Prism and the share swap ratio. The appointed date for the amalgamation is 1st April 2009.

Prism, HRJ and RMC are engaged in the business of building materials and the Scheme seeks to consolidate their business interests under Prism.

The amalgamation of the HRJ and RMC with Prism will create an integrated company in the Building materials segment. The Ready-mixed concrete business would provide a strategic route to market for the cement business. Tiles, bathrooms and kitchens business would exploit its synergies with the cement and ready-mix concrete business in terms of distribution network, customer management, and the ability to offer complete building material solutions under one roof. As a strategy, the merged entity would be able to create a niche for itself and gain advantage from this unique position within the market.

The Scheme of Amalgamation shall result in:

- Consolidation of the business interests of the HRJ, RMC and Prism in the building material segment by creating an integrated company, thereby achieving synergies in the market place.
- Enhancement in shareholders' value by achieving economies of scale and reduction in overheads, administrative, managerial and other expenditure, operational and organisational rationalisation efficiency by pooling of managerial, technical, distribution and marketing skills, productivity gains, logistic advantages and optimal utilisation of various other resources.
- Creation of a company with a larger asset base and multiple revenue streams which will be in the ultimate benefit of the shareholders and stakeholders.

Prism Cement Limited commenced its production from August 1997 and manufactures Portland Pozzollana Cement (PPC) with the brand name 'Champion' and Ordinary Portland Cement (OPC). Prism's cement is being mainly used in housing construction, roads, bridges and specialised applications. It has the highest quality standards due to efficient plant operations with automated controls. The strength and other characteristics of its cement are much higher than the BIS specifications, which along with a strong brand pull, has placed its products in the premium price segment. Prism caters mainly to markets of UP, MP and Bihar, with an average lead of 340-370 kms of its plant at Satna, MP. Prism has a wide marketing network with about 2000 dealers serviced from 46 stocking points.

Prism currently sells over 3 MTPA of cement and clinker and is in the process of establishing another unit at the same location with a proposed cement capacity of 3.6 MTPA by 2010-2011. It is also in the process of setting up a 4.8 MTPA capacity cement plant in Andhra Pradesh by 2013-2014. This will take its overall capacity above 11 MTPA.

Prism has a 74% stake in Raheja QBE General Insurance Company Limited which is a JV with QBE Group of Australia.

For the nine-month period ended March 31, 2009, Prism's standalone sales turnover was Rs. 721 crores with an EBITDA of Rs. 180 crores.

HRJ is the market leader in the field of ceramic tiles in India. Incorporated in 1958, HRJ has consistently maintained its leadership position in the field of tiles over the past five decades. Today, HRJ enjoys the recognition of being the only company in India to offer end-to-end solutions of Tiles, Sanitaryware, Bath Fittings and Kitchens. HRJ uses a robust model of own manufacturing, joint-ventures and outsourcing as a manufacturing strategy. HRJ has a wholly-owned subsidiary which focuses on organized building materials retailing and a wholly-owned overseas subsidiary. Moreover, HRJ has a 50% stake in Ardex Endura (India) Private Limited (AEIPL) which is a Joint-Venture with Ardex Group of Germany. AEIPL is a pioneer in its field in India and offers world's leading adhesives, grouts, specialty industrial flooring, and waterproofing solutions. HRJ's sales turnover has grown at a CAGR of 17% over the past 10 years. For the year ended March 31, 2009, HRJ's consolidated sales turnover was Rs. 1,122 crore and EBITDA was Rs. 146 crores. HRJ's sales volume for the year 2008-09 was 37 million m² of tiles and HRJ plans to scale-up the same to 90 million m² by 2014-15.

RMC is the second-largest ready-mixed concrete manufacturer in India. Incorporated in 1996, RMC currently operates 55 ready-mixed concrete plants in 25 cities/towns across the Country. RMC also ventured into aggregates business and operates large quarries and crushers. At present, RMC has 6 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. RMC's sales turnover has grown at a CAGR of 44% over the past 10 years. For the year ended March 31, 2009, RMC's sales turnover was Rs. 675 crores and EBITDA was Rs. 35 crores. RMC plans to scale-up its capacity from 3.87 million m³ at present to 11 million m³ by 2014-15.

The share swap ratio for the amalgamation as per the joint valuation report prepared by M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai and the Statutory Auditors of Prism M/s. N. M. Raiji & Co., Chartered Accountants, Mumbai is as follows:

- 124 shares of Prism (Face Value Rs. 10/- each) for every share held in HRJ (Face Value Rs. 100/- each)
 - 73 shares of Prism (Face Value Rs. 10/- each) for every 100 shares held in RMC (Face Value Rs. 10/- each)
- M/s. Enam Securities Private Limited, Mumbai has given a fairness opinion confirming that the share swap ratio is fair.

At present, the Promoters of Prism hold 100% of the equity share capital of HRJ and 76% of the equity share capital of RMC directly and the balance 24% is held by HRJ. Upon the Scheme becoming effective, the Promoter's shareholding in Prism would increase from 61.74% to 74.87%. Cross-holding as a result of shares held by HRJ in RMC is proposed to be transferred to a trust, to be held for the benefit of Prism. The 'Prism Trust' would hold 2.45% of Prism's expanded equity capital.

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. Prism does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of Prism.