



## Investor Update

August 09, 2016

Prism Cement Limited today announced un-audited standalone financial results for the quarter ended June 30, 2016

---

### Financial Overview (Un-audited for the quarter ended June 30, 2016)

*(Figures in ` Crores unless mentioned otherwise)*

Particulars	Q1 '16-17	Q1 '15-16
Net Sales (excluding Excise)	1406	1,415
Profit / (Loss) before Other income, finance cost, tax, depreciation, and exceptional items	98	64
Profit / (Loss) before tax	22	(20)
Net Profit / (Loss) after tax	16	(15)
EPS ( ` )	0.31	-0.30

### Segmental Results

*(Figures in ` Crores)*

Particulars	Q1 '16-17			Q1 '15-16		
	Cement	TBK	RMC	Cement	TBK	RMC
Segment Revenue	635	446	335	575	527	320
Segment Results	82	(18)	11	45	(9)	4
Capital Employed	1,483	690	170	1,690	771	200

### Performance Review and key developments

The year began on a good note. The highlight during the quarter was the second highest ever EBITDA (including operating income) clocked by the Cement Division. The RMC Division has also reported better profitability while TBK segment is still in the consolidation phase reporting higher losses. During the quarter, the company reduced standalone debt by nearly ` 274 Crores.

During the quarter under review as per mandated Indian Accounting Standards (IND-AS), Cement EBITDA stood at ₹605/ton. On comparable basis and including operating income Cement EBITDA for the quarter was at ₹707/ton, up from ₹507/ton during the quarter ended June 30, 2015. For the Quarter ended June 30, 2016, the Company sold 15.45 lac tons of cement and clinker as against 13.59 lac tons for the quarter ended June 30, 2015. Overall volumes were up by ~13.7%.

The Cement Division announced three initiatives during the quarter:

- It entered into a supply agreement with ECO Cements Ltd (ECL). ECL operates a cement grinding plant with a capacity of 0.6 mn tons per annum at Bhabhua District of Bihar. ECL will manufacture and supply cement to the Company as per the Company's quality and other specifications. The arrangement with ECL is expected to help the Company optimize its logistic costs as well as improve local availability in its strategic markets of Bihar.
- The Company has acquired 15.23% equity stake for ₹ 21 Crores in BLA Power Private Limited ('BLA Power'), which is in the sole business of generating thermal power. The Company has entered into a Power Supply Agreement ('PSA') and other related agreements/documents with BLA Power for the purchase and consumption of 25 MW of RTC (Round The Clock) power from BLA Power for its cement plants - Unit I and Unit II at Satna, Madhya Pradesh under the Group Captive Arrangement under the Electricity Rules, 2005. The power supply has commenced and would help reduce power costs.
- The Division has successfully bid for 120,000 tons per annum of coal from South Eastern Coalfields Limited (A subsidiary of Coal India Limited) in a recently held auction of coal linkages for the cement industry. The Company has secured part fuel requirement for the next 5 years. This allocation by CIL has been made at floor price.

The company had taken various cost rationalization measures over the last couple of years such as resorting to imported coal, increase in pet-coke consumption, reduction in power consumption amongst others. In line with earlier communication the incremental benefits of these measures are reflected in the first quarter of FY17.

H & R Johnson (India) (HRJ) Division operates in the TBK (Tile Bath Kitchen) Segment. The Division's sales revenues during the quarter were ₹446 Crores as compared to ₹527 Crores in the corresponding quarter last year, declining by ~15.5% yoy. The Division continued to scale-up its marketing activities through various initiatives like strengthening of distribution network, merchandising and has also taken various initiatives to optimize the costs.

The RMC Readymix (India) (RMC) Division's sales turnover increased by 4.7% as compared to the corresponding Quarter of last year. The EBIT margins has increased to 3.2% from 1.3% in the corresponding quarter of last year, improvement of 190 basis points. The division reported EBIT of ` 10.8 Crores in the current quarter against ` 4.2 Crores for the quarter ended June 30, 2015.

During the past few quarters, the RMC Division has undertaken several cost management programs pertaining to sourcing of raw material and transportation amongst others. These initiatives has helped in improving the margins.

### **Industry Scenario / Future Outlook**

While the near term demand outlook remains challenging also due to seasonality, demand scenario for all the three Divisions is expected to pick in second half of FY16 on the back of better than normal monsoon and arrears from pay commission.

The long term drivers for cement demand remain intact. Higher government spending on infrastructure, expected growth in housing segment and rising per capita incomes augur well for the cement industry.

The benign fuel prices regime seems to be behind, at least in the near term, the impact of same could be felt in second half of current year. Having said that the Cement Division has taken initiatives to sustain overall cost, few of which are highlighted above.

The H & R Johnson (India) Division continues to possess robust distribution network, strong brand equity, wide-spread manufacturing locations, and a comprehensive product portfolio of tiles, baths, and kitchens. The focus is on increasing the utilization levels and better working capital management. The past few quarters has seen renewed focus on marketing, strengthening channel distribution and continuing the initiatives to rationalize costs. The Division intends to further improve the product display of value added products.

The Ready-mixed Concrete Industry in India is over 20 years old and was growing at a healthy rate till four years back. The Industry has witnessed volume growth in the recent quarters, which had been under pressure due to paucity of new construction projects taking off. The markets in many of the metros are expected to see a turnaround in the near term as economy picks up and construction activities resume. With the Mega Projects Vertical, RMC Division is focusing to cater the infrastructure segment, which is showing signs of revival. The markets in tier 2 & tier 3 cities have also been showing maturity which will help industry's growth.

## **About Prism Cement Limited**

Prism Cement Limited is one of India's leading integrated 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 51% 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 scaled up capacity with Unit II in December, 2010. It manufactures Portland Pozzolana Cement (PPC) with the brand name 'Champion' & 'Champion Plus' and premium quality grade of cement under 'HI-TECH' and 'DURATECH' brand. Prism Cement has the highest quality standards due to efficient plant operations with modern state of the art automated controls. It caters mainly to markets of Eastern UP, MP and Bihar, with an average lead distance of 405 kms for cement from its plant at Satna, MP. It has a wide marketing network with about 3,870 dealers serviced from ~155 stock points.

### ***H & R Johnson (India)***

Established in 1958, H & R Johnson (India) is the pioneer of ceramic tiles in India. For over five decades, HRJ has added various product categories to offer complete solutions to its customers. Today, HRJ enjoys the reputation of being the only entity in India to offer end-to-end solutions of Tiles, Sanitaryware, Bath Fittings, Kitchens, and Engineered Marble & Quartz. All the products are sold under 4 strong brands, viz. Johnson, Johnson Marbonite, Johnson Porselano and Johnson Endura. In ceramic / vitrified tiles, HRJ along with its Joint Ventures and subsidiaries has a capacity of over 58 million m<sup>2</sup> per annum spread across 10 manufacturing plants across the country which is one of the largest in India.

### ***RMC Readymix (India)***

RMC Readymix (India) is one of India's leading ready-mixed concrete manufacturers, set-up in 1996. RMC currently operates 80 ready-mixed concrete plants in 38 cities/towns across the Country. Further, the Division has been able to secure new positions in its existing markets which will help it to maintain its growth. RMC has also ventured into the Aggregates business and operates large Quarries and Crushers. At present, RMC has 7 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:

**Mr. Munzal Shah**

**Prism Cement Limited**

Tel: (D) +91-22-6104 2229 / (B) 91-22-6675 4142-46

Email: [investorrelations@prismcement.com](mailto:investorrelations@prismcement.com)

Website: [www.prismcement.com](http://www.prismcement.com)

### Address:

"Rahejas", Main Avenue, V. P. Road  
Santacruz (W), Mumbai—400 054

### **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.